THE Freeman

IDEAS ON LIBERTY

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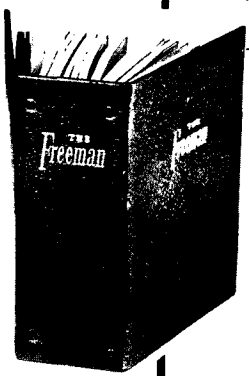

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THE Freeman

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LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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WHY CAPITAL WANTS OUT

PAUL L. POIROT

IN APRIL 1961, President Kennedy presented to Congress a message relative to our federal tax system proposing, among other things, the taxing of income earned on American investments in certain foreign countries before such income is brought into the United States. It was further proposed to tax earnings on foreign investments to assure that the tax paid to foreign countries plus the U. S. tax would bring the total up to the 52 per cent corporate tax rate applicable to earnings of companies operating within the United States. "These proposals," it was argued, "along with more detailed and technical changes needed to improve the taxation of foreign income, are expected to reduce substantially our balance-of-payments deficit and to increase revenues by at least $250 million per year."

The "problem" for which the President's message proposes a "solution," is that at least some foreign countries have less burdensome taxes on industrial earnings than has the government of the United States. To the extent that this might attract investment capital out of the United States, the taxgatherers in Washington are inclined to look upon it as "unfair competition," about which something ought to be done.

The United States government, of course, is not authorized to establish and enforce the tax rates of other countries in order to raise them up to the U. S. level. But the new proposals would tend to produce that result.

If another government had offered low tax rates to afford opportunity for profitable investment, that government would scarcely welcome a move by the United States to siphon off up to 52 per cent of any profits produced by such investment – an act of interference in the internal affairs of their country. Such action, to nullify foreign tax incentives, undoubtedly would dampen the enthusiasm of many Ameri-

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can enterprisers who might otherwise look abroad for opportunities. And certainly, few foreign taxgatherers would be so foolish as to let the U. S. government skim off taxes they might just as well levy and retain themselves; so their tax rates on earnings by American investors would almost surely and automatically be raised to match the 52 per cent rate proposed by the United States.

Obviously, there is no foundation for any hope that these foreign tax proposals of the President would bring additional revenue to Washington. They would simply shut out certain opportunities for the development of the economies of foreign countries through free enterprise, without opening up to private investors any new possibilities for profit either at home or abroad. This, in turn, would afford new excuses for taxing United States industries and citizens to support the government-to-government programs of foreign aid that have done so much to stimulate government ownership and socialism instead of private enterprise in other countries.

Investment for Profit

Consider next the effect the President's tax proposals might have on the U. S. balance-of-payments deficit. It is doubtless true that heavier taxation of earnings of American investors in foreign countries would tend to discourage an outflow of capital. But private investors rarely invest abroad, or anywhere else, without the expectation of ultimately getting back more than they put out. And the history of foreign investments affords abundant proof of the favorable effect of such action on the American balance-of-payments.

As Professor Sennholz explained in his "Monetary Crossroads" in the December 1960 issue of THE FREEMAN, the build-up of foreign balances and the drain on U. S. gold stocks in recent years is the inevitable consequence of deficit spending and credit expansion by the American welfare state. Inflationary practices in the United States have finally outrun the inflationary practices of many other countries, until this country no longer affords the one best market in which to buy goods or services. This is why foreigners prefer our gold to our goods and why American savers turn increasingly to investment opportunities outside their own country. It is precisely the same reason why East Germans and others try to escape the welfare state beyond the Iron Curtain to comparative freedom in the West.

What must the world think, then, if the government of the

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United States has to erect a barrier to keep American capitalists and investors from free enterprise opportunities abroad? Is any further proof needed of the bankruptcy of the New Deal-New Frontier philosophy of taxing individuals in order that the government may spend more?

The road to the welfare state is paved with the best of intentions. If prices of farm products seem depressed and farm incomes decline so that other employment opportunities appear more attractive than farming, grant price supports and other subsidies to the farmers! If American manufacturers and processors are faced with stiff competition from more efficient foreign operators, grant higher tariff protection, erect more stringent import quotas, and place other barriers against foreign goods and services! If labor organizers have priced the services of their members higher than a free market can bear, grant unemployment benefits and other relief measures to the hapless victims! If changing circumstances threaten to make a ghost town of a formerly prosperous community, try to build it back and maintain the status quo through urban renewal subsidies! If individuals fail to make provision for rainy days and later years of reduced productivity, give them social security and old age assistance and "free" medical care! If unwed mothers and roving fathers leave dependent children, subsidize them! If parents fail to provide the education their children ought to have, give state and federal aid to build schools and to hire administrators and teachers! If housing costs rise, impose rent controls and provide public housing!

The Price We Pay

The often neglected aspect of the good intentions of the welfare state is the cost of all this subsidy and so-called security. Someone has to pay, and it requires an ever-expanding police force just to collect the taxes. The creative and productive members of society are the ones from whom the revenues of government have to be drawn; there is no other source of goods and services. But to recklessly tax the fruits of a person's labor is a disservice to that person. To take away the earnings from a business is to leave it unprofitable and unattractive and to set it up for another of the failures that the government will be importuned to bail out. The higher the rate of taxation upon the most productive, the less their incentive to keep on producing at an extraordinary pace. This is why growth becomes such an ag-

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gravating problem in the welfare state, and why it appears that government spending is the only way to achieve future growth and productivity. And this is why a welfare government can't stand to see any potential source of revenue leave the country for more attractive opportunities abroad.

A few domestic examples might help explain how tax burdens affect the movement of capital. Rent control, for instance, amounts to a form of taxation against owners of rental housing. The force of government is used to withhold from landlords rental income they might otherwise expect. It is fairly well understood (except perhaps in New York City) that the effect of such rent control is to chase capital away from housing and into better investment opportunities. But tenants want more of the price-controlled housing, so they appeal to government to stop that flight of capital and build dwellings with it.

Or, consider the crowded and high-tax areas "downtown" in some of the larger cities. Capital rebels – heads for the suburbs and open spaces – not for space so much as for tax relief. Then comes the anguished cry to stop that flight of capital and divert it to urban renewal – via further taxation.

Sometimes a state government, in its generosity with taxpayers' money, offers extra welfare benefits and other attractions and runs the tax rate up until businesses pull out and capital flees to other states for investment opportunity. This leaves a "depressed area" which then appeals for federal aid.

So it goes, whether domestically or internationally: tax business earnings severely, and capital will try to escape. Interfere with production and exchange, disrupt a market sufficiently, and the result will be balance-of-payments problems. Condone a closed shop, or a closed society in any other respect, and each successive step leads on to some further restraint of trade and regulation of people and their lives. The more "advanced" the welfare state, the less freedom can it tolerate among its own citizens, and finally among outsiders. This is why our federal government wants to foreclose on more attractive profit opportunities in foreign countries. It's also why Mr. Khrushchev would like to bury freedom wherever he finds it in the world.

If the people of the United States want to correct international exchange problems and balance-of-payments problems, why not try freedom? It attracts capital. And it begins at home. ◈

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DISHONEST FINANCING

DONALD I. ROGERS

THE INVESTMENT BANKERS ASSOCIATION of America will hold its 1961 convention in Florida starting November 26, and no matter what has been scheduled for consideration, one of the first items of business should be full discussion of the federal government's deliberate and dishonest intervention in the private banking industry in the case of some sewer bonds for Charleston, West Virginia.

Seven investment bankers submitted competitive bids for $4 million worth of Charleston sewer bonds. The lowest bidder, it turned out, was the First Boston Corp., one of the most respected private investment banking firms in the nation. Its bid was for 3.945 per cent.

While Charleston city officials were opening the seven bids, the process was being observed by an engineer employed by the Community Facilities Administration, a subsidiary of the Housing and Home Finance Administration, headed by Robert Weaver. This engineer, having determined the amount in the lowest competitive bid, then offered to handle the loan for 3.375 per cent, lower than First Boston, and lower, in fact, than the government can borrow the money to handle the loan.

We will deal in a minute with this dishonest procedure, this violation of the ethics of competitive bidding, but before we shed many tears for the investment banking industry, let's consider what this means to you and me, ordinary taxpayers.

It means that you, wherever you live, are paying for Charleston's sewer facilities. You had no choice in the matter.

This Community Facilities Administration, one of the lesser-known agencies grouped around the Housing Administration, is empowered to lend up to $650 million for public improvements to communities which can't borrow from private sources at "reasonable rates of interest."

First, no one has said Charleston's credit is no good. It's good enough.

Second, no one has said the seven bids submitted for the sewer bonds, were not "reasonable."

Charleston needs a larger sewer

Mr. Rogers is Business and Financial Editor of the New York *Herald Tribune* in which this column appeared, November 17, 1961.

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system. In the ordinary course of events it called for bids on $4 million in bonds to finance it. When First Boston's bid of 3.945 per cent interest was declared lowest of the seven, the CFA engineer, on the spot, decided this wasn't reasonable and offered to lend Charleston the money at six-tenths of a cent less. The city then threw out all of the bids of the private lenders.

A "Reasonable" Subsidy

Where does the CFA get this money?

The government borrows it. The money the government is borrowing now costs more than 4 per cent. This means that the CFA will be carrying this bond issue at a loss of more than $20,000 per year, plus all of those high housekeeping costs they have in the federal bureaus.

So what the CFA considers a "reasonable" interest cost is one so low that the lender loses money on it. The lender, friend, is the taxpayer, and that's you. So as things stand, Charleston's new sewage system will be paid for in part by millions of Americans who will never pull the plug in a bathtub in Charleston, West Virginia.

I'd like to make arrangements like that for handling the mortgage on my house. Anybody want to help me? No? Then why help the people in Charleston with their sewer?

So, back to the banking industry which is the directly injured party in this little exercise of liberal New Frontierism. Senator A. Willis Robertson, D. Va., asked Dr. Weaver, head of the Housing complex, if he wasn't actually saying that a "reasonable" rate was only the rate the CFA would charge for a loan (which, remember, is a rate handled at a loss).

No, replied Dr. Weaver, he had determined that "an interest rate is to be deemed reasonable if it does not exceed 3⅞ per cent and if the loan is repayable over thirty years or more."

Well, now, First Boston's rate of 3.945 per cent was based on a repayment term covering thirty-nine years. It was not only reasonable, it was most favorable.

If anybody doubts this, just consider that bonds of the United States government, with a shorter maturity, were priced at the very same time of the First Boston bid, to yield over 4 per cent.

Truth is, this is a blatant violation of the principles of competitive bidding, and it is a bulldozing attempt to have the government step into direct competition with private industry. There can be no other interpretation. ◈

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Eating is Essential

JOHN C. SPARKS

TO MY KNOWLEDGE no one has yet devised a convenient and inexpensive way to eliminate eating without also eliminating life. There are other essentials to maintaining life, such as air, water, and certain basic clothing as dictated by the climate; but none of these presents an economic problem comparable to the continuous daily provision of food for one's body. It came as a shock when I thus realized how important it is to maintain the "supply line of food" for oneself and his family every day of the year. Our family, including my wife, one daughter, two sons, and one cocker spaniel, consumes over 6,500 meals in one year, the uninterrupted supply of which is necessary to sustain our lives.

For the first time, I realized that none of our food had been provided directly by me, nor did I even know how to provide more than an infinitesimal quantity of what we consumed. Yet, over the years I had never granted this vital matter even a second thought. As I pondered this situation, our grocer with his shelves stocked for our convenience began to take on a special image of heroism. My wife soon shattered this image by explaining that she shops for the best bargains among five or six neighborhood groceries, several supermarkets, a home-delivery bakery, and a dairy,

Mr. Sparks is a businessman in Canton, Ohio. *Illustration:* A. Devaney, Inc., N. Y.

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as well as miscellaneous rural suppliers of home-processed meats, eggs, and fresh vegetables. She further revealed that she knew the names of only a few of these purveyors of food upon whom we depended, and she did not consider the matter of much concern. Since the lives of my loved ones seemed to hang by such a thin thread, I felt it my responsibility to learn more about these food merchants.

I discovered that in our community, with a population of over 200,000, there are between 250 and 300 retail suppliers of food. They are successfully meeting the need for approximately 219 million consumed meals a year not including between-meal snacks. Hardly any grocer stocks fewer than 2,000 items on his shelves while some of the larger markets handle more than 10,000 different items. The problem of providing all of the families of the area with food and meals – the basic essential to life – is one of extreme complexity.

However, I soon learned that this was but the beginning of the complexity. These grocers, bless them, select each of the 2,000 to 10,000 items from numerous wholesale grocery-supply companies in quantities and at prices which will enable them to competitively price their merchandise for the retail trade and yet obtain ample gross margin (they hope) to pay their rent and the wages of their employees, and have enough left over for themselves and their own families. Beyond this, they also have to anticipate the multiple likes and dislikes of all the housewives and other shoppers, as affected by the seasons of the year and the days of the week. Scarcely anyone lets a grocer know in advance when he or she intends to shop, but nevertheless the grocer must foresee who, when, what, and how much.

How the grocers can do all this with so little apparent fuss and bother is an amazing feat and holds my genuine admiration. These little and big grocers, dairies, and other suppliers of food have not looked upon themselves as heroes or mental giants; nor have they held, until now, any special place in my mind. From now on I will look upon this whole operation as one requiring a substantial bit of magic, more than a light touch of supernatural power, and a generous helping of pure luck to be able to anticipate so very accurately what we plan to eat next week.

A major reason why I am flabbergasted by the magnificent job being done by our community food merchants is the contrast I see between them and the big government bureaus in Washington,

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which find such fantastic ways to get themselves tied up in huge messes in regard to one product – *wheat.* Now, there is something I *am* aware of. Not many people seem happy about the wheat situation. The farmer grows more than an economic quantity of wheat because our politicians guarantee to pay him for everything he does not sell. Of course, there is an effort to place some top limit on the quantity produced, but obviously with very little effect. There are old liberty ships, unused movie theaters, old and new warehouses, and other storage facilities bulging with these excessive quantities of wheat. Such is the contrast between the centrally-planned, politically-powered spending of fabulous sums of other people's money and the amazing efficiency of private food merchants, each acting independently and assuming his own risks and responsibilities in open competition.

When Government Interferes

Since independent businessmen, both small and large, operating in the free market do such a splendid job in the vital areas of supplying the daily food requirements of nearly 200 million Americans, one could logically look to the free market for the accomplishment of other important tasks. The record shows that wherever it has been allowed to operate, the results have been excellent.

However, those who have little faith in the independent daily decisions of millions of individuals in a free market unfortunately have placed many segments of our lives – economic and otherwise – under government control and bureaucratic decision. Disregarding the highly satisfactory results in an area as vital as supplying groceries, the crusading government interventionists seek ever more opportunities to "move in" on the freedom-loving citizen and to take away his right to decide for himself.

We have already noted that these busybodies have supplanted the free market in the wheat business – with sorry results. The objective was simple enough: to keep wheat prices from declining. Now, almost everyone knows that the price of anything tends to fall as the supply becomes greater than the demand. The clothing store conducts a "sale" in late summer to get rid of the excess supply of summer clothes. The important feature of such a sale is the *reduced price;* excessive supply must be avoided if a price level is not to decline. But, what is the basic approach of the government farm program? A price guarantee! It is hard to imagine

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a more attractive incentive to a producer than to guarantee purchase of his product; this is an incentive to produce. But remember, to maintain a high price level requires *less* production, *not more!* The government program creates a condition worse than before, and no easy solution is in sight.

The solution, of course, is to discontinue the government price supports. But, government intervention makes that increasingly complex. While enormous amounts of farm products glut storage facilities, rental and other business contracts have come into existence to accommodate the government's uneconomic program. Farmers and allied businesses are up to their necks in transactions based on unnatural economics. The cure may be distasteful, but it is badly needed; *and now!*

The Problem Is Magnified

Why does any attempt of government to maintain a certain level of prices through a price support program inevitably result in failure? Simply because it discourages the consumption and encourages the production of an even greater quantity of the very item claimed to be in abundant supply at the outset.

A theoretical example, in a business not connected with farming, shows how a governmental price-support program works. Chewing gum manufacturers, let us say, are fearful that their potential production capacity will cause too large a supply and consequently tend to reduce the price level. So, members of the industry seek governmental price-support action through their representatives in Congress. It is argued that chewing gum is essential to dental care, assists in weight control, and so forth and so on – important to the welfare of Americans. The industry is threatened with a decline in prices and a chance of losses. If this occurs, workers in chewing gum factories will be out of work and unemployment will plague the economy.

Suppose that Congress then passes a law to purchase all chewing gum unsold at the end of each month at a price of three cents a pack, a price slightly lower than manufacturers currently receive from snack counters all over the country. Mr. Smith's company has a factory that can produce five million packs a year, but production has been cut back to match sales at a rate of three million a year. When the price-support bill becomes law, Mr. Smith will immediately increase his output to five million packs. The same change will occur at all chewing gum factories, thus assuring the excess of production originally

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feared – *the exact opposite of the result needed to solve the problem.* Attendant unhappy results are waste of taxpayers' money, and great quantities of unchewed gum stored in government-leased facilities. Most important, the problem has been worsened by the interventionist action taken.

Government price supports always will encourage the output of unwanted products, which is the opposite of the intended result. Wheat or chewing gum produced in excess of economic needs are of no more value than mud pies.

We have examined an actual case and a theoretical example of the distressing results of a government price-support program. Now, let's take a look at a government ceiling-price program.

It is easy to observe that prices tend to rise when the demand exceeds the supply. The demand for personal TV appearances of Roger Maris undoubtedly exceeds the time the brilliant young home-run king has available for such activities – so the price runs high. For the same reason the price of fresh strawberries is especially high when strawberries are "out of season."

What happens when government intervenes and places a ceiling price on a product? Let us assume that vitamins are sold to the consumer at a retail price of $1.00 a bottle, that the manufacturing cost is 60¢, and that the druggist pays 75¢ to the manufacturer. Public benefactors reason that more people would buy and consume the healthful vitamins if the retail price were limited to 50¢ a bottle, and they obtain legislation to that effect.

What happens? The manufacturers of vitamins simply stop manufacturing, because a product costing 60¢ at the factory cannot be retailed at 50¢ without leading to bankruptcy. Has the ceiling price fixed by government brought about greater vitamin consumption? No, quite the opposite! Vitamins no longer are available to anyone.

Again, government intervention in the free market produces results contrary to those desired.

Case after case of government interference with the natural laws of economics can be cited – all with the same result. England established socialized medicine in order to provide better medical services at lower cost to its citizens. Result? The quality of medical care declined, and a person in serious need of medical service encounters difficulty, due to the heavy demand on the doctors by the citizenry who receive many frivolous benefits "free" of charge. Meanwhile, the cost has increased rapidly. Moreover, the

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quality of socialized medicine will continue to decline, for young men of ability will be less and less attracted to a profession demanding such skill and technical training and knowledge when the rewards are not commensurate.

Government interference in affairs between employer and employee has existed for several decades, presumably to protect labor from exploitation by management. But the result of these laws favoring unionism is that exploitation and dictatorship over the union membership by their own leaders is pricing the individual worker out of the market. Thus, the door is opened to importation of goods produced by foreign labor, and customers are encouraged to find substitute products or services. Again, government intervention brings about the opposite of the hoped-for result. These are only a few random examples of the many available for examination.

The Result Is Chaos

There is a wealth of convincing evidence that private ownership of all creative facilities will yield results far surpassing any and all attempts at government ownership and control. The grocers near my home quietly conduct their business and solve the critical daily problem of feeding me and my family. Private owners, when not interrupted by government, are continually making sensational advances in industry, science, medicine, and all the comforts of living. But when government steps in with its irresponsible bureaucratic substitute for private ownership, the trouble really begins. The certain result is that the desired goal will recede from our grasp, and we will harvest the grotesque and the unnatural instead.

It would appear that an axiom or law of human action applies in situations where government interferes in the private lives and decisions of the citizens. *Every interventionist program, attempting to reach a generally desired objective by an artificial method running counter to the natural course of a free market economy, inevitably leads away from, rather than toward, the proper goal; and the result is chaos.* Whenever government departs from its appropriate role of policeman and soldier, the painful application of the foregoing rule overrides all the prior good intentions.

Our progress depends upon our ability to recognize unwarranted government intervention and our determination to eliminate it. If we fail to restrict government to proper size, *we may not eat!* And eating is essential! ◈

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DEAN RUSSELL

REP. NOAH M. MASON of Illinois, top Republican on the House Ways and Means Committee, is now predicting that the tariffs in the United States will definitely not be lowered and will probably be raised. "If the administration tries to continue the Reciprocal Trade Act in its present form, there will be a devil of a fight," he states.

Mason claims that most congressmen are now opposed to our 27-year-old policy of lowering tariffs for nations that lower them for us, and that this increasing opposition could easily result in the defeat of the act when it comes up for renewal next June.

Dr. Russell is Professor of Economics at Rockford College and Chairman of the Department of Economics and Business Administration. This article is from his column of November 19, 1961, in the *Rockford [Illinois] Morning Star*.

It so happens that Representative Mason has always been one of my favorite congressmen. My only real disagreement with his voting record is on the issue of tariffs. In defense of his campaign for higher tariffs, he generally advances the familiar arguments of protecting American jobs and industries against "cheap foreign labor."

He is correct in his observation that if it were not for government protection against foreign competition, many persons in the United States would lose their jobs, and a considerable number of American companies would be forced out of business. But Mason completely ignores the American consumer and the multitude of jobs and industries that depend on foreign trade.

He dramatizes the jobs and industries that are threatened by the $16 billion worth of yearly imports into the United States. But he just ignores the far larger number of jobs and industries that are involved in our $20 billion worth of exports – automotive and electric equipment, steel mill products, machine tools, coal and cotton, petroleum products, and many others. Comparatively speaking, prohibitive tariffs would destroy 20 American jobs and companies for every 16 saved. And worse still, the companies that

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would be destroyed by this policy are our most efficient ones that pay the highest wages. Apparently, our high tariff congressmen completely ignore the obvious fact that foreigners cannot continue to buy from us unless they are permitted to sell to us.

Actually, tariffs never protect jobs for the nation as a whole. But tariffs do always increase prices for consumers throughout the country. Today, you and I are paying higher prices for clothing and watches (and many other items) because the American manufacturers of those products are protected by tariffs. I am just as opposed to protection and subsidies for industry as I am opposed to protection and subsidies for farmers, unions, and professional men. I cannot logically and morally be for one and against the other.

For Example —

Perhaps our protectionists could understand this issue better if they would consider the economic effects in Illinois of a tariff against all products from our other 49 states. Here is how it would work.

We do not have, for example, an automobile industry in our state. The reason is simple – we can buy cars cheaper from Detroit and, in effect, pay for them with machine tools that we produce cheaper than they do. We could easily create an automobile industry in Illinois, however, if the state were permitted to put a 25 per cent tariff against "imported" cars.

With that amount of government protection (really a concealed subsidy), capital would flow from our machine tool industry into our new automobile industry that could then offer the owners of the capital a higher return on their money. That development would immediately increase costs (and prices) for machine tools because those companies, in turn, would then have to pay a higher price to hold and attract the needed capital. And for a while at least, the machine tool companies would also have to pay higher prices for labor because the new automobile industry would bid especially high for the services of those skilled mechanics.

Thus, even if Detroit didn't retaliate with tariffs against our machine tools, the higher prices would automatically mean that fewer would be sold. That, in turn, would mean fewer jobs in the machine tool industry. Meanwhile, you and I would also have to pay $500 more for a car. In turn, that added cost would mean that you and I would have $500 less to spend for housing, education, entertainment, and so on. Thus those industries would also have to lay off workers. And since Illinois

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would soon run out of "unemployment benefits," those people would have no choice but to scratch out a living as best they could. Under those circumstances, obviously it wouldn't be much. But unquestionably, many new jobs would have been created in our new automobile industry.

After that arrangement had continued for 10 years or so, it would be almost impossible to stop it; the protectionist politicians would quickly and correctly point out that all the jobs in our high cost Illinois automobile industry would be wiped out overnight if we removed their protection from competition and permitted those "cheap cars from Detroit" to be sold in our local markets.

The Economic Facts About Competition and Trade

That is always the final result of government protection and subsidies and interference with the free market economy. The absence of tariffs among our 50 states explains better than anything else why our level of living is so high. It is due almost entirely to competition, natural specialization, survival of the most efficient managers and companies, and the free movement of labor and capital from one industry and one section of the nation to any other industry and section.

Those economic facts about competition and trade also explain why the nations of Europe are now establishing a tariff-free Common Market. The advocates of that project are well aware that the ultimate result will be better jobs at higher pay for all employees, lower prices for all consumers, and even higher profits for the owners who are capable of operating in a free and competitive economy.

For both economic and political reasons, the United States should provide the leadership for lower (not higher) tariffs among nations. ◈

IDEAS ON LIBERTY

Unsound

WHERE DOES ANYONE get the idea that he is entitled to the production of someone else? Under what moral or economic conception can one base a claim upon his neighbors? Inducements of something for nothing encouraged by politicians to get votes and voted for by those not economically or morally informed can only turn into a morally defective procedure which is economically unsound and which will lead to financial chaos.

RALPH E. LYNE, *Taylor, Michigan*

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Violence AS A WAY OF LIFE

LEONARD E. READ

BROADLY SPEAKING, there are two opposing philosophies of human relationships. One commends that these relationships be in accord with the principles of love. The other commends that they be in accord with the principles of violence.[1]

The principles of love in society lead to willing exchange in the market place – the economics of reciprocity and the Golden Rule. No special privilege is countenanced. All men are equal before the law, as before God. The life and the livelihood of a minority of one enjoys the same respect as the lives and the livelihoods of majorities, for such rights are conceived to be endowed by the Creator. Everyone is completely free to act creatively as his abilities and ambitions permit; no restraint in this respect – none, whatsoever.

Abandon the ideal of love and the only alternative is to embrace violence in principle, with robbery and murder as its ultimate expressions. Plunder, spoliation, special privilege, feathering one's own nest at the expense of others, doing one's own brand of good with the fruits of the labors of others – coercive and destructive schemes of all sorts – all fall within the order of violence.

Are we abandoning the ideal of love and drifting into the practice of violence as a way of life? That's the question this paper intends to raise and answer – to answer in the affirmative. But why? William James may have suggested the reason: "Now, there is a striking law over which few people seem to have pondered. It is this: That among all the differences which exist, the only ones that interest us

[1] The use of "love" as the antithesis of "violence" is suggested by Leo Tolstoy's little book, *The Law of Love and The Law of Violence*. Published posthumously (1948) by R. Field, New York.

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strongly are those *we do not take for granted.*"[2]

Taken for Granted

Socialistic practices are now so ingrained in our thinking, so customary, so much a part of our mores, *that we take them for granted.* No longer do we ponder them; no longer do we even suspect that they are founded on violence. Once a socialistic practice has been Americanized it becomes a member of the family, so to speak, and, as a consequence, is rarely thought of as having any violent or evil taint attached to it. We are, in this state of taken-for-grantedness, inclined to think that only other countries condone and practice violence – not us!

Who, for instance, ever thinks of TVA as founded on violence? Or social security, federal urban renewal, public housing, foreign aid, farm and all other subsidies, the Post Office, rent control, other wage and price controls, all space projects other than for strictly defensive purposes, compulsory unionism, production controls, tariffs and all other governmental protections against competition? Who ponders the fact that every one of these aspects of state socialism is an exemplification of violence and that such practices are multiplying rapidly?

The word "violence," as here used, is a particular kind of force. Customarily, the word is applied indiscriminately to two distinct kinds of force, each as different from the other as day is from night. One is defensive or repellent force. The other is initiated or aggressive force. If someone were to initiate such an action as flying at you with a dagger, that would be an example of aggressive force. It is this kind of force I call violence. The force you would employ to repel the violence I would call defensive force.

Try to think of a single instance where aggressive force – violence – is *morally* warranted. There is none. Violence is morally insupportable!

Defensive force is never an initial action. It comes into play only secondarily, that is, as the antidote to aggressive force or violence. Any individual has a moral right to defend his life, the fruits of his labor (that which sustains his life), and his liberty – by demeanor, by persuasion, or with a club if necessary. Defensive force *is* morally warranted.

Moral rights are exclusively the attributes of individuals. They inhere in no collective, governmental or otherwise. Thus, political offi-

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[2] See *The Will To Believe and Other Essays on Popular Philosophy* (New York: Dover Publications, Inc., 1956), p. 257. $1.65.

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cialdom, in sound theory, can have no rights of action which do not pre-exist as rights in the individuals who organize government. To argue contrarily is to construct a theory no more tenable than the Divine Right of Kings. For, if the rights to governmental action do not originate with the organizers of said government, from where do they come?

As the individual has the moral right to defend his life and property – a right common to all individuals – he is within his rights to delegate this right of defense to an organization. We have here the logical prescription for government's limitation. It performs morally when it carries out the individual moral right of defense.

As the individual has no moral right to use aggressive force – against another or others – a moral limitation common to all individuals – it follows that he cannot delegate that which he does not possess. Thus, his organization – government – has no moral right to aggress against another or others. To do so would be to employ violence.

To complete this picture, it is necessary to recognize that man's energies manifest themselves either destructively or creatively; we might say violently or productively. It is the function of government to inhibit and to penalize the destructive or violent manifestations of human energy. It is a malfunction to inhibit, to penalize, to interfere in any way whatsoever with the creative or productive manifestations of human energy. To do so is clearly to aggress, that is, to take violent action.

Now, carefully consider TVA or any of the other socialistic projects earlier mentioned. You are living peaceably and off the fruits of your own labor, including anything which you have acquired from others in willing exchange. You are aggressing against no one; therefore, there is no occasion for anyone's use of defensive force against you, defense being a secondary action against an initiated aggressive action. And, certainly, there is no moral sanction for anyone or any organization to take aggressive action against you.

Subsidized Power

One more step for clarity's sake: Suppose that some people decide they want their power and light at a price lower than the market rate. To accomplish their purpose, they forcibly (with guns if necessary) collect the fruits of your peaceable labor in the form of capital to construct the power plant. Then, they annually use force to take your income to de-

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fray the deficits of their operation – deficits incurred by reason of the sub-market rates they charge themselves for the power and light they use. The questions I wish to pose are these: Is any set of persons, regardless of how economically strapped they may be, morally warranted in any such action? Would not this be aggressive action? Would not their project be founded on violence? The answers to these questions are inescapably clear. There is hardly a person but would declare this thievery and criminal.

Very well. Move on to TVA. What distinguishes this from that? Not a thing, except that in the case of TVA the immoral, aggressive, violent action has been legalized. This merely means that the law has been fixed so as to exonerate the "beneficiaries" from penalties common to criminal action. There is no altering of the fact that TVA, as well as all instances of state socialism, are founded on violence!

Most people are inclined to scoff at this idea simply because they have never witnessed any instance of actual violence. They are blinded by the common acquiescence to socialistic pressures, once they are legalized. Everybody goes along, so what!

Before going further, isn't it enough to give any conscionable citizen pause for reflection when he awakens to the fact that the people of his country are abandoning the ideal of love and drifting into the practice of violence as a way of life? The fact that this catastrophic change is taking place without many persons being aware of it is all the more reason to sound the alarm.

It is easy to demonstrate that all state socialism, of which TVA is an instance, is founded on violence. Take the farm subsidy program, for example. Let us say that your share of the burden of this socialistic hokus-pokus is $50. Should you *absolutely* refuse to pay it, assuming you had $50 in assets, you would be killed – legally, of course – here in the United States of America in the year of Our Lord, 1962! If that isn't resting the subsidy program on violence, then, pray tell, what is violence?

Absolute Refusal To Pay

Here's how to get yourself killed: When you get your bill from the Internal Revenue Service, remit the amount minus $50 with these words of explanation:

> *"I do not believe that citizens should be compelled to pay farmers for not producing. I do not believe in the farm subsidy program. My share of the cost is $50, which I have deducted. Do*

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not try to collect for I absolutely *refuse to pay for same."*

The IRS will quickly inform you that this is a matter in which freedom of choice does not exist and will demand that you remit the $50.

You respond by merely referring the IRS to your original letter, calling attention to your use of the word *"absolutely."*

When the IRS becomes convinced that you mean business, your case will be referred to another branch of the government, the judicial apparatus. It being the function of the judiciary only to interpret the law, the law making it plain that a government claim has first lien on one's assets, a decision will be rendered against you and in favor of the IRS. If you have no assets but your home, the Court will order it put on the auction block and will instruct you to vacate.

At this point you will apprise the Court of your letter to the IRS and your use of the word *"absolutely."*

When the Court becomes convinced that you mean business, your case will be referred to another branch of the government, the constabulary. In due course, a couple of officers carrying arms will attempt to carry out the Court's instructions. They will confront you in person.

But to accede to their invitation to vacate would be to pay. With your *"absolutely"* in mind, you refuse. At this point the officers will try to carry you off your property, as peaceably as possible, of course. But to let them carry you off would be to acquiesce and to pay. You might as well have acquiesced in the first place. At this stage of the proceedings, in order not to pay, you have no recourse but to resist physical force with physical force. It is reasonable to assume that from this point on you will be mentioned only in the past tense or as "the late Mr. You." The records will show that your demise was "for resisting an officer," but the real reason was that you *absolutely* refused to pay farmers for not growing wheat or whatever.

Rarely will any citizen go this far. Most of us, regardless of our beliefs, acquiesce immediately on receipt of the bill from the IRS. But the reason we do so is our recognition of the fact that this is an area in which freedom of choice no longer exists. I, for instance, would never give a cent of my income to farmers not to grow wheat were I allowed freedom of choice in the matter. But, realizing that the farm subsidy program rests on violence, it takes no more than the threat of violence to make me turn part of my

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income over to farmers for not growing wheat.

The Penalty Is Death

The idea that the whole wearisome list of socialistic practices rests on violence and that the ultimate penalty for noncompliance is death, was written and published in 1950.[3] Many have read the booklet and an explanation of the same idea has been given before many discussion groups throughout the country, but the reasoning has never been challenged. Yet, I am unaware of any instance where an individual has gone all the way, that is, has *absolutely* refused to pay and gone to his death for his beliefs. One farmer went so far as to leave the country, and quite a number of citizens have delayed their acquiescence considerably, that is, they have carried their revolt beyond immediate payment mixed with grousing. One of the most interesting examples is reported by IRS in a news release dated May 15, 1961:

> Considerable public and press misunderstanding exists over the seizure of three horses from a Pittsburgh area Amish farmer who refused to pay Social Security taxes because of religious convictions.
>
> This memo is designed merely to acquaint you with all the facts in the case.
>
> Public Law 761, 83rd Congress, effective January 1, 1955, extended Social Security coverage so as to include farm operators. A tax on the self-employment income of these people is imposed and they are required to report this tax on their annual federal income tax return.
>
> The Old Order Amish are the most conservative of the Amish groups and have taken the position that although they will comply with taxes, as such, Social Security payments, in their opinion, are insurance premiums and not taxes. They, therefore, will not pay the "premium" nor accept any of the benefits.
>
> In the fall of 1956, the IRS district director at Cleveland held meetings with Amish farmers and their church officials in an effort to solicit cooperation and voluntary compliance with the laws we have to administer. At these meetings, it was explained that the self-employment levy is a tax and that it would be the responsibility of IRS to enforce this tax.
>
> As a result of these meetings and of letters sent to the individuals involved, the majority of Amish farmers in that general area voluntarily remitted the tax. With respect to those who refused, it became apparent that some did not wish to contravene the dictates of their church, but they also did not want "trouble" with IRS.
>
> Thus, a portion of these farmers did not pay the tax, but did make the execution of liens possible by

[3] See my *Students of Liberty* (Foundation for Economic Education, Inc., Irvington, N. Y.), pp. 7-8. 50¢ paper.

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maintaining bank accounts which covered the tax.

The current problem stems from the "hard core" group of Old Order Amish farmers who closed out their bank accounts and made such levy action impossible. As a result, the IRS was forced to collect 130 delinquent taxpayer accounts from Amish farmers in the past two years.

Valentine Y. Byler of New Wilmington, Pennsylvania became the latest collection problem among the Old Order Amish. He owed the following self-employment tax:

1956	$82.60
1957	76.57
1958	32.98
1959	65.63

The foregoing taxes amounted to $257.78. The total interest for the same period was $51.18, making a grand total of $308.96 owed by the taxpayer.

Attempts had been made since 1956 to induce Mr. Byler to pay his tax willingly, but with no success. Since Mr. Byler had no bank account against which to levy for the tax due, it was decided as a last desperate measure to resort to seizure and sale of personal property.

It then was determined that Mr. Byler had a total of six horses, so it was decided to seize three in order to satisfy the tax indebtedness. The three horses were sold May 1, 1961 at public auction for $460.00. Of this amount $308.96 represented the tax due and $113.15 represented expenses of the auction sale including feed for the horses leaving a surplus of $37.89 which was returned to the taxpayer.

The Byler case like all others in the same category present an unpleasant and difficult task for the Internal Revenue Service. However, there is no authority under which Amish farmers may be relieved of liability for this tax.

With respect to those who remain adamant in their refusal to pay, as in the case of any person who refuses to pay any federal tax that is lawfully due, it is incumbent on the Internal Revenue Service to proceed with collection enforcement action as provided by law.

We have no other choice under the law.

Had our Amish friend, Valentine Y. Byler, not acquiesced at the point he did but had gone all the way in his determination, he would have employed physical force against the officers who seized his three horses. In this event he would now be known as "the late Valentine Y. Byler." He would have established beyond a shadow of doubt that the social security program, as well as all other socialistic practices, is founded on violence.

They Did Their Duty

It is important to acknowledge at this point that the IRS did precisely what it should have done. This agency of government is not in the business of deciding the

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rightness or the wrongness of a tax. Its job is to collect regardless of what the tax is for.

The judiciary, having previously ruled on the powers of the IRS to make such collections, accurately interpreted the law and, thus, did what it should have done.

The constabulary, in seizing the three horses, was properly performing its function. This agency, unless derelict in its duty, has to look as indifferently on seizing the horses and harnesses of a gentle, God-fearing farmer as bringing a John Dillinger to bay. They are properly called *law enforcement* officers. And, had Mr. Byler resisted with physical force, the constabulary would have been performing its duty had it been found necessary to put Mr. Byler out of the way, as it did Dillinger. *Theirs is to carry out the law, not to reason why!*

The fault here is with the law, the three above-mentioned parts of the political apparatus being but effectuating arms of the law. And the fault with the law rests with those who make the law and with those of us who elect lawmakers and who, presumably, have some powers to reason *what* the law should be.

The IRS, the judiciary, the constabulary, behave exactly the same when seizing the Amish farmer's three horses as when collecting a fine for embezzlement. Yet, the former is an exercise of aggressive force—violence—while the latter is an exercise of defensive force. The former has no moral sanction; the latter is morally warranted. How can two police actions which ultimately manifest themselves in an identical manner actually be opposites? This is like asking how two shots from a pistol can be identical when one is used to protect life and property and the other is used to take life and property. The shots are wholly indifferent as to how they are used. The pistol shots, like the IRS, the judiciary, the constabulary, only do the bidding of someone's mind and will. It is the bidding which determines whether they are part of a defensive or an aggressive action. The law, and the people who are responsible for it, determine whether a police action is defensive or violent.

A Simple Test

There is, however, a simple way to decide whether a governmental action is an exercise of defensive force or an exercise of aggressive or violent force: "See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one

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citizen at the expense of another by doing what the citizen himself cannot do without committing a crime."[4]

Using the above as a basis for determination, it is obvious that every act of socialism is founded on violence.

The fact that the IRS found it expedient to make a public explanation in the face of severe criticism throughout the country, merely lends credence to the fact that most people – even those who support socialistic legislation – do not know what they are doing nor did they mean to do what they did. Simply because most of us meekly acquiesce, that is, uncomplainingly go along with the machinery of socialism, we tend to lose sight of the fact that it is founded on violence. The seizing of the Amish farmer's three horses generated widespread feelings of remorse and resentment. Had he absolutely refused to pay and been killed in the process, the American people would have protested, *"But we didn't mean this!"*

Of course they didn't mean it. Nonetheless, these projections of horse-seizure and even death are nothing more nor less than the inevitable consequences of admitting the socialistic premise into American polity. State socialism – every single item of it – is founded on violence!

Alexander Barmine and Victor Kravchenko, both of whom rose to top posts in the Kremlin heirarchy, escaped from Russia and came to this country because they could not stomach the purgings and shootings that logically followed the policies which they themselves had a hand in promoting.[5] Let the principle of violence continue in this country – even fail to rid ourselves of what we have – and gangsters only will come to occupy high political office. Few of the present crop of bureaucrats are heartless enough to administer socialism in its advanced stages.[6] Violence is not their dish. The IRS folks demonstrate this.

That policies founded on violence are growing is self-evident. Take the examples of practices founded on violence cited on page 19. All but the Post Office are of relatively recent vintage, and

[4] See *The Law* by Frederic Bastiat (Foundation for Economic Education, Irvington, N. Y., 1950), 76 pp. $1.00 paper; $1.75 cloth.

[5] See *One Who Survived* by Alexander Barmine (New York: G. A. Putnam's Sons), and *I Chose Freedom* by Victor Kravchenko (New York: Scribners).

[6] To understand why gangsters rather than humane human beings must occupy political office in a socialistic state, read "Why the Worst Get on Top" in F. A. Hayek's *The Road to Serfdom* (The University of Chicago Press). Obtainable from The Foundation for Economic Education, Irvington, N. Y. $1.50 paper.

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clamor for more of the same seems to increase daily.

I can still remember when the income of farmers came from willing exchange; when people lived in houses built with the fruits of their own labor; when wage earners, for the most part, were no more compelled to join unions than businessmen were forced into chamber of commerce membership or parents into the P.T.A. Violence as a way of life was in those days perhaps at an all-time minimum.

Man either accepts the idea that the Creator is the endower of rights, or he submits to the idea that the state is the endower of rights. There is no third alternative.

Those who accept the Creator concept can never subscribe to the practice of violence in any form. They have been drawn to this concept, not coerced into it. If we would emulate, as nearly as we can, that which we have learned from this relationship, we would confine ourselves to this same drawing power. As Gerald Heard so clearly puts it: "Man is free to torture and torment himself until he sees that his methods are not those of his Maker."[7] ◈

[7] Gerald Heard, editor, *Prayers and Meditations* (New York: Harper & Brothers, 1949), p. 39.

IDEAS ON LIBERTY

He Might Have Known

CHARLES II, monarch of England from 1660 to 1695, tried to avoid uneasiness and trouble and was noted for generous gifts of money and honors. The description by the Marquis of Halifax of *The Character of King Charles II* aptly fits many characters of the twentieth century as well:

"He thought giving would make Men more easy to him, whereas he might have known it would certainly make them more troublesome. . . .

"When Men receive Benefits from Princes they attribute less to his Generosity than to their own Deserts; so that in their Opinion their Merit cannot be bounded; by that mistaken Rule it can as little be satisfied. They would take it for a diminution to have it circumscribed. Merit hath a Thirst upon it that can never be quenched by Golden Showers. It is not only still ready, but *greedy* to receive more. This King Charles found in as many instances as any Prince that ever reigned, because the Easiness of Access introducing the good Success of their first Request, they were more encouraged to repeat those Importunities which had been more effectually stopped in the Beginning by a short and resolute Denial."

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HAROLD M. FLEMING

SHARING THE GAINS

All economic gains must be eventually shared. That is a basic principle of such broad application that it might be called a general "law of economics."

This is not socialism. It is the essence of the free economy. Nor is it *"re-distribution."* It is plain *distribution,* or *diffusion* of wealth.

It works this way:

1. All business is done by agreements of some kind.
2. The agreements are voluntary.
3. Nobody agrees to anything unless he finds it in some way to his advantage.

These add together to make the essential reason why economic well-being is more widely distributed in the United States than it ever has been in any other country.

For in a free economy, everybody gets a share of the values other people have to offer. But they also have to share a part of the values they themselves have to offer.

A million deals, agreements, trades, contracts, and bargains are made every day in this country. They are all voluntary, and go on the same principle as that of the most primitive barter between Indians and fur-traders. Both sides gain, or think they gain.

This is the difference between ours and the communist system – or any army system. (The communists, in fact, seem to feel that a deal is something like matching coins. One man's gain must be another man's loss.)

But because of this principle of sharing, or "letting the other fellow make a profit, too," the free economy is one of history's greatest mechanisms for the diffusion of wealth.

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What Pulls up Wages

This principle of sharing applies to all markets, including the market for labor. The workman with labor to sell has been for 150 years the most consistent gainer from this sharing principle. This is because, though labor is a commodity, the price of which is subject to supply and demand, it is a unique commodity. It enters into every kind of production, and as productivity increases, the workman shares in the increase.

The hope of profit in new and growing industries forces employers in those industries to bid up for labor. This force has caused them to bid millions of people from off the farms, from out of depressed areas and out of domestic service, and even from across the Atlantic. The best and the most new jobs are normally found with the most optimistic employers who have the strongest hope of profit. And it is such labor markets that over the decades have steadily lifted wages.

The point where the workman repeatedly benefits from the sharing principle is in the wage-bargain. It is the peculiar nature of this bargain which benefits the workman. What the employer buys is *time*. But what he sells is *units of product* (or service). So as fast as he can get more units of product per hour of the time he buys, the time gets more valuable to him, and he can, and eventually will, one way or another, share the gains with the workman – even though the increased productivity may be due in large part to better machinery and management.

The Blessings of Competition

This is because if he doesn't, then even more successful and ambitious employers will outbid him in the labor market. His rate of "qualified applications" will go down, and his quit-rate will go up. If then he can't afford to "meet the (rising) market" for workmen's time, he is on the way to going out of business.

This is the "magic formula of productivity," which class-conscious European economists and employers failed to grasp. It is what Henry Ford meant when he said, "There is no conflict, in a machine economy, between low costs and high wages." This is why the world's highest-paid labor (per hour of workman's time) can be and often is the world's lowest-cost labor (per unit of output); whereas in some parts of Asia and Africa, labor is so expensive, in output or productivity, that it is the lowest-paid in the world, and in some cases scarcely worth any wage at all.

This is also why labor is a

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unique commodity, the market for which is normally quite different from that of all other commodities. The result of the productivity formula is that, in a free and progressive economy, and particularly in manufacturing industries, the price of an hour of labor normally and indefinitely tends to rise, while the price of manufactured goods normally and indefinitely tends to fall (or tends toward better goods for the same price).

The Costs of Obsolescence

But, it might be asked, "Why doesn't the employing manufacturer's net return on sales also keep rising indefinitely?"

Obsolescence and competition are the combined reason. They are the two blades of the shears which keep clipping away the employer's gains. While the tide of increasing productivity continually works to increase the value of the workman's time, it continually pushes against the value of the employer's investment. For example, he builds a new plant, with new machinery, to market a new product. It is a more productive plant, and he pays more for labor, accordingly.

But in time this employer, or a competitor, or a competing industry, builds a *still more productive* plant, and bids for people to man it. This notches up the labor market. But there is no such market for the outmoded plant. It is on the way to the scrap heap.

Perhaps this story might be criticized as skipping too easily over the problem of technological unemployment. It might be said that workmen can't move that fast, and labor is not that mobile. But they *can* move. Their time still has value. An outmoded plant can't move. It has no more than scrap value. There is no market today for steam locomotives except with the wreckers – nor any market for the shops that built these locomotives. But there is still a market for the time of the men who used to build and drive steam locomotives – though it may have taken them some time to find it. ◈

Mr. Fleming, for many years New York Business Correspondent of the *Christian Science Monitor*, is a prominent free-lance writer on business and economics.

This article is a brief excerpt from "The American Achievement" — the story of how history and economics and politics and human initiative combined in America to achieve freedom, prosperity, growth, and strength — from the August 1961 issue of *Canco* Magazine, a publication of the American Can Company.

A copy of the full text of "The American Achievement," in an attractive 6 x 9 booklet, may be obtained for 15 cents from *The Freeman*, Irvington-on-Hudson, New York.

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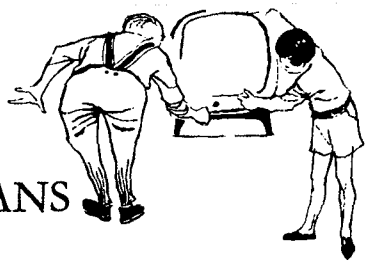

PROFIT-SHARING PLANS

or — GRANDPA WOULD CALL IT RUSTLING

The snow was drifting in the street
And frost was in the air
When Kaspar pulled the shutters tight
and settled in his chair,
While Peterkin and Wilhelmine
Warmed up the television screen.

They saw a gang of men invade
A big department store
And force the customers inside
To lie upon the floor,
While clerks were made to open tills
And package crumpled dollar bills.

"Is that a gang of robbers there?"
The little children cried.
"They say they're Profit-Sharing now,"
Old Kaspar soon replied.
"They'll leave enough to run the store
Until they come around for more."

"Those crumpled bills," said Peterkin,
"Look old and all defaced."
"They dare not take," Old Kaspar sighed,
"A bill that could be traced.
A man without a union card
Finds profit-sharing lean and hard."

"Do unions have a better plan?"
Asked little Wilhelmine.
"The unions have the legal right
To strip the coffers clean.
That's why they seldom have to shoot
To get possession of the loot."

"Why don't these men join unions then?"
Asked little Peterkin.
"The union bosses," Kaspar smiled,
"Refuse to take them in.
The unions can't afford to look
Like havens for a thief or crook."

H. P. B. JENKINS
Economist, Fayetteville, Arkansas

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NANCY HANKS' BOY

ROBERT LINCOLN O'BRIEN

Nancy Hanks: I see the calendar says it is 1962, more than seven score years after my life in the world ended. Pray tell me, Spirit of the Present, whether anyone remembers that I ever lived, or knows my place of burial.

The Spirit of the Present: Oh, yes. There is a monument over your grave at Pigeon Creek. A man named Studebaker of South Bend, Indiana, went there in 1879 and spent $1,000 in making it.

Nancy Hanks: What do you mean? More money than I ever saw in my life spent on my grave, more than 60 years after I had made it! Was he a rich descendant of mine?

The Spirit of the Present: He was no relative of yours. As a matter-of-fact citizen, he thought your grave ought to be marked. Twenty-three years later the state of Indiana erected a massive monument in your honor; 10,000 school children marched in procession when it was dedicated. The Governor of the state, now one of the great commonwealths of the union, was there, while a

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The imaginative interview reproduced here between Nancy Hanks, the mother of Abraham Lincoln, and "The Spirit of the Present" was written in 1914 by Mr. O'Brien, while he was editor of the *Boston Herald*. Minor alterations have been made in the text to bring it up-to-date.

Illustration: The Bettmann Archive

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distinguished general from afar delivered the principal oration. This monument cost a larger fortune than you ever knew anyone to possess. More people than you ever saw were there. And on the pedestal, in raised letters, one may read: "Nancy Hanks Lincoln." Can there be any mistake about that?

Nancy Hanks: What is this wonder of wonders? I realize that my mortal remains, enclosed in a rough pine box, were buried under the trees at Pigeon Creek, and that no minister of religion was there to say even a prayer. I supposed that if anybody in all this earth of yours would be surely forgotten, and soon forgotten, it would be Nancy Hanks, the plain woman of the wilderness. My life was short – only 35 years – and in it I saw little of the great world, and knew little of it, and on going out had little further to expect from it. So, I pray, break to me the meaning of this mystery!

The Spirit of the Present: This is the twelfth day of February!

Nancy Hanks: That was the birthday of my little boy, a slender awkward fellow who used every night to climb a ladder of wooden pins driven into a log, up into a bed of leaves in the loft, and there to dream. Whatever became of that sad little boy? He was not very well when I left him. All that winter he seemed ailing. I hated to go away. I was afraid his father could not give the care that the frail little fellow needed. Did you ever hear what became of my little nine-year-old boy out there in the woods of Pigeon Creek?

The Spirit of the Present: Of course I have heard what became of him. Few have not. The people who could answer your question number hundreds of millions today. There is no land and no tongue in which the information you seek could not be supplied, and usually by the "man in the street." Millions of people know that the twelfth of February was the day you welcomed into your cabin in the frontier wilderness that little boy. His birthday, in thirty-four states of the Union, including the imperial state of New York, has become a legal holiday. Most of the others hold some commemorative exercises. When the great financial market of the world opened in London this morning it was with the knowledge that the United States of America, the great republic over the seas, would record no stock transactions this day. The words, "No market—Lincoln's Birthday," travel on wireless and ocean cables under every sea; and business in

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the great buildings, as many as 102 stories high, has paused today.

Nancy Hanks: Pray tell me more of my little boy's life. I cannot wait to hear what it all means!

The Spirit of the Present: If you had one copy of every book that has been written about him, you would have a larger library than you ever saw in your mortal life. If you had visited every city which has reared his statue, you would be more widely traveled than any person you ever saw. The journey would take you to several European capitals. Every possible word that he ever wrote, every speech he ever made, every document he ever penned, has been collected and these have all been printed in sets of books with a fullness such as has been accorded to the works of only a few children of men. You could count on the fingers of two hands, and perhaps of one, the men in all secular history who so vitally appeal to the imagination of mankind today.

Nancy Hanks: And so my little boy came into all this glory in his lifetime!

The Spirit of the Present: He died at 56, as unaware of how the world would eventually regard him as old Christopher Columbus himself. A few months before his death he expected soon to be thrown out of the position he was holding, and so he wrote a letter telling how he would strive to help his successor to carry out the unfinished task. Your little boy saw so little to indicate the place that time has accorded him. His widow was hardly able to get from Congress a pension large enough for her comfortable support, and yet that same body, in less than a half century, appropriated $2,000,000 — stop to think of that — for a national monument in his honor.

But I could tell you only half the story. Men have retired from business to go into solitude to study his life. Others have been famous by reason of having known him. I recall a New York financier who had known the high life of the world, mingling with the princes and statesmen of nearly every land. On his seventieth birthday his friends gave him a complimentary dinner. He chatted with them on what he had seen and where he had been. But he dismissed all the honors of the big world by saying that the one thing he valued most in his threescore years and ten was that he had shaken hands and conversed in private audience with your little boy, whom he pictured as "leading the procession of the immortals down the centuries."

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Nancy Hanks: This is beyond me. I am lost in mystery and amazement. What did my boy – that earnest, sad little fellow of the woods and streams – do to make men feel this way? How did it all come about?

The Spirit of the Present: That might be as hard for you to understand, without a knowledge of what has taken place in the meantime, as the skyscrapers and the ocean cables and railroad trains that I have spoken about. But I will try to tell you something of what he has done.

Nancy Hanks: I am hanging on your words. I long to hear the story.

The Spirit of the Present: We have in the United States a great democracy. We are making a great experiment for the nations. Your little boy gave friends of democracy the world over the largest measure of confidence in its permanency and success of any man who has ever lived.

More than a million people a year have come to the United States from lands beyond the seas, most of them unfamiliar with our language and our customs and our aims. When we Americans who are older by a few generations have gone out to meet them, we have taken, as the supreme example of what we mean by our experiment, the life of Abraham Lincoln. And, when we are ourselves tempted in the mad complexity of our material civilization to disregard the pristine ideals of the republic, we see his gaunt figure standing before us, and his outstretched arm pointing to the straighter and simpler path of righteousness. For he was a liberator of men in bondage, he was a savior of his country.

He became President of the United States, but that affords small clue to his real distinction. Few Americans ever refer to him as "President Lincoln." In the idiom of our people, he is Abraham Lincoln, called by the name you gave him in the gloom of the wilderness. To that name of your choosing no titles that the vain world knows can add anything of honor or distinction. And today, from the Atlantic to the Pacific seas, and in places under distant skies, children will recite in their schools his words, men will gather about banquet boards to refresh their ideals by hearing anew some phase of his wonderful story. Our nation could get along without some of its territory, without millions of its people, without masses of its hoarded wealth, but it would be poor indeed were it to wake up on this morning of the twentieth century without the memory of your little boy. ◈

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the True Face of Free Germany

WILLIAM HENRY CHAMBERLIN

IS THE GERMAN FEDERAL REPUBLIC a worthy partner in the community of free nations and, incidentally, a remarkable illustration of what economic freedom can do in restoring a nation to prosperity from wartime devastation? Or is it mere camouflage for lurking Nazis, who pull all the strings from behind the scenes and are only awaiting an auspicious moment to achieve a new take-over of political power?

Sparked by the grisly recital of concentration camp horrors during the trial of Adolf Eichmann in Israel, there has been a more or less concerted drive to convince American public opinion that the second interpretation of German conditions is the correct one. A best-selling book represents Nazism not as a frightful aberration, a twin symptom with communism of revolt against Western individualistic civilization with its Judaeo-Christian and Greek and Latin

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Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. He has written a number of books, has lectured widely, and is a contributor to *The Wall Street Journal* and many nationally known magazines.

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roots, but as a natural outgrowth of German history and German character. Other works, which have not reached so wide an audience, go still farther in trying to represent Germany under Konrad Adenauer as only one short step removed from the Germany of Adolf Hitler, as a state where democracy is despised and liberalism is persecuted, where most of the people make little effort to conceal their Nazi sympathies.

Behind this drive to create a picture of a Germany unchanged and unchangeable are several strong emotional preoccupations. First, some individuals, in their justified horror at the crimes of the Nazis, are unwilling or unable to recognize that great numbers of Germans were also victims of Nazi tyranny and that there was an honorable German resistance movement. In these individuals there is a tendency, conscious or unconscious, to make mountains out of molehills, to regard isolated cases of hoodlumism, such as daubing swastikas, as more significant than the fact that there is not a single neo-Nazi deputy in the German parliament.

Second, there is a trend, especially in England but not unknown in other countries, to regard Germany as the only possible future enemy, to refuse to look at the map and see what a tiny speck is the German Federal Republic compared with the vast expanse of the Soviet Eurasian Empire, to overlook the enormous change in the European balance of power caused by the Soviet conquest of eastern and southeastern Europe and the contraction of Germany within extremely narrow frontiers. Along with this there is a marked resentment, in British socialist circles, against the new Germany for proving so emphatically that a combination of hard work, a normal incentive system, and a free market economy is a far more hopeful road to national prosperity than an elaborate system of state controls and inhibitions.

Finally, it is very definitely in the interest of Moscow, and of international communism, to create the image of a "revenge-hungry Bonn militarism." Nowhere has the anti-Adenauer drum been beaten so assiduously as in Moscow, and for an obvious reason: the German Chancellor's principled and unswerving anticommunism. To inspire doubt as to the character and motives of the German Federal Republic would be a propaganda feat worth many divisions to Nikita Khrushchev.

While it is easy to identify specific motivations for the anti-German propaganda which has been very much in evidence during the

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last year, the allegations that are voiced against the Federal Republic should be examined on their merits. The most familiar of these allegations are as follows:

1. The Germans always have been and remain an incurably militaristic and aggressive people.

2. There is no real democracy in the Bonn Republic and Adenauer is a virtual dictator.

3. Many former Nazis or Nazi sympathizers are in influential positions; a case frequently cited is that of Dr. Hans Globke, State Secretary in the Chancellor's Office, a post roughly equivalent to that of Presidential Assistant in the United States.

4. German courts turn a blind eye to Nazi misdeeds, and the truth about the Nazi system is not taught in the German schools.

5. Neo-Nazi propaganda is rampant and influential, so that the emergence of a new Führer is probably only a question of time.

This writer has spent a good deal of time in Germany, before the Nazis came into power, during the first year of Hitler's rule, and since the end of the war. With this background of contacts with hundreds of Germans of varying social backgrounds and viewpoints, supplemented by extensive reading of German newspapers, magazines, and books, I have no hesitation in pronouncing this over-all indictment as false and misleading. The small substratum of truth is submerged in a thick overlay of misrepresentation and gross exaggeration. Take up the counts one by one.

1. German Militarism

Historically, this allegation is quite untrue. For centuries the division of Germany into many states, some of them microscopically small, encouraged and invited the aggression of stronger neighbors. During the Thirty Years War (1618-1648) French and Swedes and foreign mercenaries fought over Germany and ravaged it. Louis XIV repeatedly invaded Germany. If one considers the names of the streets which radiate from the Paris Arc de Triomphe – Wagram, Friedland, Jena – or of the Austerlitz Station or the Rue de Rivoli, these commemorate Napoleonic battles fought far from France's home grounds. It was France that declared war on Prussia in the Franco-Prussian War of 1870-71. And, if Bismarck set a trap for Napoleon III, the French Emperor made himself coresponsible for this conflict by walking into the trap. There was a tendency to rewrite the historical evidence about the origins of World War I in the light of Adolf Hitler's unquestionable personal responsibility for World War II.

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But the judgment of Sidney B. Fay, the objective American scholar, at the conclusion of his massive work, *The Origins of the World War*, is worth remembering:

"Germany did not plot a European war, did not want one and made genuine, though too belated efforts to avert one. She was the victim of her alliance with Austria and of her own folly. . . . It was the hasty Russian general mobilization, assented to on July 29 and ordered on July 30, while Germany was still trying to bring Austria to accept mediation proposals, which finally rendered the European War inevitable."

I was in Germany in 1922-23, shortly after the end of World War I, and I have been in Germany repeatedly since World War II, the last time in August 1961. There was a tremendous contrast in the mood of the German people, especially the youth, in these two aftermaths of defeat. Following World War I, there was a strong nationalist ferment and a keen desire for revenge. I still recall attending a movie which showed the German War of Liberation against Napoleon and the cheers which broke out when the Prussian Field Marshal Blücher was shown crossing the Rhine.

Of this spirit, which also found expression in the growth of many illegal military organizations designed to circumvent the restrictions on Germany's armed forces, there was not a trace after the terrific collapse of 1945. There was not a single case after 1945 when the occupation powers had to deal with any kind of serious nationalist conspiracy.

As a matter of fact, it was infinitely easier to keep the Germans disarmed than to persuade them to rearm when it was realized that without German cooperation the European balance of power would be hopelessly tilted in favor of the Soviet Union. Although they have now modified their position, the Social Democrats fought German rearmament to the last ditch. There was an immense psychological resistance of the Germans themselves to the idea of taking up arms. Now, equilibrium has been restored. Young Germans accept military service as a necessity. But nowhere in Germany today does one find "militarism" in the sense of glorification of war as something intrinsically desirable. The Germans are realistic enough to know that they would stand no chance if they had to face the might of the Soviet empire alone. They have no national army; all their divisions are committed to NATO.

2. *Undemocratic and Dictatorial*

Every people has its own way

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of practicing democracy. Respect for leadership and authority – for party discipline – is stronger in Germany than in some other countries. But for the last twelve years, the Federal Republic has maintained a stable existence under free institutions. Freedom of press and speech has been fully maintained. If Chancellor Adenauer came out with the highest vote in four national elections, this was not because the voting was rigged. It was because German prestige abroad and prosperity at home had revived much faster than any observer would have imagined possible in the bleak early years of foreign occupation. To anyone who saw the ruined, hungry, economically paralyzed Germany of 1945 or 1946, the Federal Republic (although not the part of Germany kept under Soviet occupation) would have been almost unrecognizable, booming with prosperity and steadily pointed upward.

The sensitiveness with which German voters react to important events was vividly demonstrated by what happened after the communists sealed off East Berlin on August 13, 1961. Up to that date there seemed to be every probability that Adenauer's party, the Christian Democratic Union, would repeat its achievement of 1957 by winning a clear majority of the seats in the new parliament. In the opinion of almost all political observers, German and foreign, the shock of this unopposed communist action cost Adenauer his clear majority and led to long bargaining for a coalition government.

3. *Ex-Nazis in Government*

It is true that some ex-Nazis are in government service. The Nazi regime was totalitarian, and membership in the Nazi Party – or at least in some Nazi-controlled organization – was for many Germans a condition of employment. It would have been impossible to staff a competent civil service exclusively from people who had been in concentration camps or in emigration.

What would be a serious cause for concern would be any sign that ex-Nazis were influencing the policy of the Federal Republic along Nazi lines. But of this there is not the slightest proof. On the contrary, it would be impossible to imagine a system more different from Hitler's than the one which has developed under the leadership of Konrad Adenauer.

Nazi Germany exalted the state, cultivated a fanatical creed of German racial and national superiority, based the country's economy on intensive build-up of war industries, rejected any cooperation on

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equal terms with its European neighbors. Adenauer Germany has based its economy on free private enterprise, has been busily denationalizing and selling to small investors some big state enterprises, has led the way in promoting close European integration, and has been, if anything, a little laggard in building up to very modest goals of defensive military power.

4. *Prejudiced Judges and Teachers*

Most of the relatively few cases of serious anti-Semitic actions have led to court trials. Nearly all the more unregenerate Nazis live abroad – the surest sign that they would not be welcome in the Federal Republic. There has been a serious, determined, and fairly successful effort to bring to legal account those Nazis who committed crimes that were inexcusable, even by wartime standards: murders and torture in concentration camps, in Germany and in occupied countries.

In the first years after the end of the war, war crimes trials were reserved to the Allied powers and led to 5,000 convictions and 806 death sentences, some of which were commuted. Since German courts took over, more than 30,000 people were prosecuted for war crimes, according to Walther Strauss, a conservative anti-Nazi who is State Secretary in the Ministry of Justice, and over five thousand were convicted. Since 1958 a central office for the exposure of Nazi crimes has been functioning in Ludwigsburg, and there has been a strenuous effort to finish prosecutions of war criminals before the statute of limitations comes into effect.

It would be impossible to claim that every school in Germany gives full instruction on the crimes of the Hitler period. Local conditions and parents' sentiment enter into the picture, and there is difference of opinion among educators as to the proper age when children should be told stories of revolting crimes. But the suggestion that German schools are systematically covering up the sins of the Hitler period is quite false. On this point the testimony of Dr. Benjamin Fine, former education editor of *The New York Times* who made a detailed study of the German education system in the summer of 1961, is worth quoting:

"With the exception of a small unimportant fringe of neo-Nazis, the overwhelming majority of German youth believes in the democracy of the Federal Republic...

"Hitler and his philosophy are dead, as far as German youth are concerned. Perhaps some traces of his influence still linger in neo-Nazi circles, but this is little more than the 'lunatic fringe' you could

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find in any country. Films showing Hitler or his followers are met with laughter or scorn. Schools stress the evils that Hitler and the Nazi regime did, and the destruction they caused to Germany."

5. *Neo-Nazi Propaganda*

What about the strength and influence of the "neo-Nazis"? Politically, it is as close to zero as possible. Of the little groups like the Socialist Reichspartei which are oriented in this direction, not one member in free elections has been seated in the German parliament. In scores of casual meetings with Germans, many in the informal atmosphere of mountain hikes, I never met one who defended Hitler or who wished to see a return of the Nazi system.

Dr. Walther Strauss, who regards Nazism as a terrible blot on the civilized German Christian conservative tradition, offered this penetrating analysis of the danger of a Nazi revival in a conversation in the Ministry of Justice in Bonn last summer:

"Compare the aftermaths of two great wars, in which Germany suffered crushing defeat. It is now sixteen years since the end of World War II. Sixteen years after World War I, in 1934, Hitler was in power, with a machine of terror and propaganda calculated to crush all opposition. Look how different the situation is today. Bonn is not Weimar. During the existence of the Weimar Republic we had 21 changes of Cabinet. Up to 1961 we had only one Chancellor, Konrad Adenauer. Instead of a score of discordant parties in parliament we have only three parties represented now in the Bundestag — and all these three, however they may disagree among themselves, are dead set against any return to Hitlerism. And of course our economic position is entirely different. Now, we have work for all and general prosperity. In the years of Hitler's rise to power, there was mass unemployment and acute economic distress. We now have a younger generation that has grown up completely without Nazi influence. Every year that passes weakens any lingering appeal of Nazi sentiment."

There is unfortunately one part of Germany where Nazi spirit and methods still prevail. This is the so-called German Democratic Republic (which is neither German, nor democratic, nor a republic), where Soviet tanks prop up the hated regime of Soviet *Gauleiter* Walther Ulbricht. Its popularity may be gauged by one simple fact: over three million Germans have fled from its territory to the prospering Federal Republic since 1945. Its character as a huge peniten-

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tiary has been emphasized by the wall in Berlin, designed to prevent the prisoners from escaping.

The brutal young *Vopos* ("People's Police") who shoot men, women, and children trying to escape, are blood brothers, in ideology and character, with the young thugs whom Hitler recruited into his SA and SS. But this obvious parallel between the brutalitarian methods of Nazism and communism never seems to occur to the commentators who make a specialty of baiting the German Federal Republic, where free political and legal institutions go hand-in-hand with economic freedom.

It is high time that this nonsense about rampant, triumphant neo-Nazism in the Federal Republic be recognized for what it is: malicious propaganda, compounded of downright falsehood, gross exaggeration and half- and quarter-truths, designed consciously or unconsciously to advance the victory of Soviet imperialist communism and to sow distrust between free peoples who should stand together. ◈

Faith in Freedom

DAVID MCCORD WRIGHT

THE LETTER of Korean student Sugwon Kang (Aug. 28) which urged us to treat communism as a highly rational point of view to which we should give rational and intellectual answers, is one of the first bits of common sense I have seen on this subject for some time.

I have been a lecturer on Marxism for years, and have striven desperately for years to persuade our propaganda authorities to go beyond a mere travel-folder level. Six years ago I said that our propaganda was like trying to fight an atomic war with a pre-Revolutionary shotgun, and that we would lose out if we did not tackle Marxism on a fundamental level.

The truth of the matter is that when we undertake to answer Marxism intellectually, we have to contradict so much of our own policy and attitude it shocks us into silence. But what will be the end of this?

Dr. Wright is William Dow Professor of Economics and Political Science, McGill University. This article is from a letter to the editor in *The Wall Street Journal*, September 12, 1961.

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We say that foreign aid will make people love us. Yet we apparently dare not answer the Marxian doctrine which appears to prove "scientifically" that all our wealth was stolen anyhow. But if a man feels that you have stolen a million from him, and you stand on a corner and give him $10 as a handout, will that make him love you? Or will he not rather use it to buy a gun – to use on you?

Let me now try to indicate some of the other problems involved in really answering Marxism.

To show the falsity of the Marxian claim that they can create a state in "which the free development of each is the condition for the free development of all," or that the root of all conflict is the conflict of the "bourgeois" and "proletariat," it is necessary to use the following line of thought:

"The creative instinct is one of the attributes of free men. So if we make men free they will, for good or ill, become creative. From this spontaneous creativity will come both growth and disturbance. The ultimate justification of growth is thus that it is the natural product of spontaneous creativity. You stifle it; you stifle creativity. Yet growth comes through change and causes change. And change upsets some people."

The argument for capitalism is the argument for spontaneous creativity, adaptation, and growth. But how can we present this argument for adaptation when every U. S. pressure group, labor or capital, is clamoring for relief from the need to adapt – and is being encouraged in this attitude by those who profess to wish to re-investigate us?

How can we argue for the need of economic spontaneity when central coordination is being preached as the cure for all our ills?

How can we initiate growth in other countries if we teach that "insecurity" is bad or when a leading U.S. psychologist speaks of our participation in the "corporate sin" of believing in economic growth?

Another communist doctrine is that profits are exploitation. Can we answer that if we also think most profits should be recaptured either by the union or the tax collector?

Is our only real difference with the communists the method of obtaining the same end?

These are but samples of the problems involved. The long and the short of it is we no longer believe in our own institutions – at least not intellectually enough to defend them. ◈

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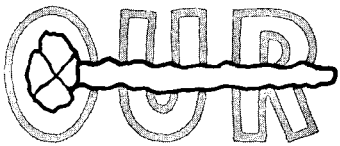

Legacy

EDWARD A. ROSSIT

THE END may not be in sight, but man has traveled far on the road to civilization. It was only a few centuries ago when all men everywhere were still quite primitive. Horses or oxen pulled plows, and ships moved with the force of the wind against their sails, or by human muscle-power. When men traveled, they were moved by horses – or they walked. Communication was slow, often by direct personal contact, and there was little of it. Hunger was common, and also disease, with famine and plague present to a horrifying extent. Clothing was expensive and inefficient. Homes offered little more than shelter from the elements, and often not much of that. Governments were cruel and tyrannical. Very few political systems showed concern about the freedom of the individual or the rights of man. Human slavery was practiced openly in many places.

Today, the picture is greatly changed. Machinery does much of our work. Planes, trains, cars, and ships travel fast and are comfortable. Transportation is cheap and convenient. Communication is rapid, often instantaneous. There is still hunger and disease in the world, but less than there used to be. Clothing is cheap and good – and some artificial fibers seem to last forever. Homes are (or can be) clean, sanitary, comfortable, and durable. If human slavery has not been abolished everywhere, at least it is regarded with such disrepute that individuals and governments deny its existence. Various institutions of freedom have been established in many places in the world, and the natural rights of individuals are lauded and often respected.

Man has progressed far in the recent millennia. From a semi-animal, living in caves, he has emerged to dominate the face of the earth, and even to ponder seriously the attractions of outer space.

To whom are we indebted for

Mr. Rossit does public relations work in Seattle, Washington.

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this great legacy of civilization? To whom should we be grateful?

A Few Notable Individuals Account for All Progress

During the many centuries involved, billions of people were born, lived out their lives, and died – without contributing toward this progress. How then did it happen? And to whom, specifically, are we indebted? Are the heroes too numerous to mention? Is the number of people responsible for progress unlimited? On the contrary, all progress may be attributed to a small number of men, so few as to constitute a "negligible" percentage of the total population in whichever age they lived. Never the result of mob action, progress has come always from individual human beings. One person somewhere gets a new idea, conceives of a new thing, and all the rest of us benefit from it. All of us owe a tremendous debt to this one individual, for it is he who makes progress possible. Mobs may roar, committees worry, delegations confer, but in the last analysis, an individual human brain must conceive an idea before it can become effective. Often the brain is that of a genius, such as Socrates, Archimedes, Da Vinci, Newton, Jefferson, Goethe, Edison. Or, it may be a brain of only average intelligence. But always, a lone individual creates a new concept or defines a new relationship.

Sometimes an entire nation or cultural group seems to have been gifted, intelligent, and intensely creative. For example, Greece in its "golden age" abounded with poets, philosophers, architects, mathematicians, and statesmen. Civilization spurted then. Another explosion of scientific and other knowledge came to Europe after the *renaissance,* in the eighteenth and nineteenth centuries. The resulting creativity in all directions, political, cultural, and philosophical, still continues today.

Although we may be tempted to attribute such advances to the nation, or to the group or culture, it was always individuals who were responsible. Greece had a golden age only because there happened to be at one time and in one place a larger than average percentage of gifted individuals who were free to contribute. It was not the Greek states but individual Grecians who were great, and who stamped the mark of greatness on their era. Similarly, greatness came to Europe in the last three centuries because a large number of great men, Europeans, happened to be living in the same area at the same time, and were free to contribute. These giants of history stand out as individuals, and it is because of them that advances

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came in the countries where they lived – and in the world.

Da Vinci, Kepler, Pascal, Newton, Leibnitz, Voltaire, Schiller, and the many others whose names we remember, formed but a small percentage of the total population of their time. While the individual geniuses of Greece left their marks on the world, thousands of other Greeks lived and died without leaving a ripple. The great and lonely titans of Europe blazed new intellectual trails, while millions of other Europeans contributed nothing. Newton envisioned a majestic and orderly relationship between the sweeping motion of the planets and the sun. To most of the millions of people then living not only in Europe but in the Congo, China, India, South America, and other places, the concepts of Newton's mind would have been unintelligible gibberish and nonsense. Indeed, there are today millions of people to whom it still is gibberish. Others, in their snide, twentieth-century, half-understanding, are capable of pointing out that Newton has been replaced by Einstein, but know not how or why or to what extent these great intellects differed in their views of the universe.

That All May Benefit

The great masses of humanity have benefited from the creative contributions of these rare individuals, but often the authorities and masses have opposed, ridiculed, or persecuted their benefactors. Roman mobs cheered when a gentle Christian, preaching "Do unto others as you would have others do unto you," was torn apart by a savage lion. Archimedes was killed by a soldier possessing perhaps but a fraction of the intelligence of his victim. Copernicus and Galileo were not free to publish their findings. Church-approved torture forced Galileo to recant publicly after he dared to suggest that the earth revolved around the sun. Indeed, we find church history at its worst whenever the church has been powerful enough, through civil governments, to suppress freedom of thought. In our own age, a teacher was tried and found guilty of crime when he taught Darwin's theory of evolution in a public school.

In the Soviet Union, under a system of rigid "thought control," artists have been convicted for painting the "wrong" kind of paintings, writers for having written unenthusiastic poetry, and composers have apologized in public for having written the "wrong" kind of music. The fact that Shostakovich composes at all is a tribute to the restless, imaginative, uncontainable spirit within him, as an individual – a taunting rebuff to the

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massive, dead hand of Soviet censorship pressing down on him.

Here, we come to the heart of the matter. Creative men have always been creative, whether the authorities have been harsh, repressive, and restrictive, or lenient and encouraging. As Deems Taylor said of Wagner, when a man has this restless spirit which scratches, claws, and struggles furiously within him for expression and for release, then creation must result. How much more is available to all when we let this one man be free to create!

Any age, any system, even the most repressive, will produce a few men who are creative. But when we allow men to be free, we help to bring about those phenomena known as golden ages. A small handful of free Greeks were able to leave their mark upon the ages. We have already witnessed a veritable outburst of creative energy in the United States. We may now be on the threshold of an American Golden Age.

The Alternatives

But now the people of the U.S.A. seem torn between two opposing alternatives. They want personal freedom which permits the release of creative energy, and they want a bogus type of security which involves feathering one's own nest at the expense of others. The second alternative, which hinges on governmental authoritarianism, denies freedom and discourages creative action. If millions of Americans choose freedom, then not only will they enjoy having it, but one of these millions, some one individual, will reward us with a new artistic creation, a revolutionary invention, or a new and profound mathematical or philosophical concept, something yet undreamed of. In freedom, we could march forward to greater heights of civilization, perhaps to a new golden age.

The most beautiful music has not yet been written. The most perfect painting has not yet been painted. The biggest bridges, tallest buildings, and longest tunnels have not yet been built. Gravitational engineering, which will enable us to float effortlessly in the air instead of using brute rocket force or screaming jet engines, is now hardly more than a science-fiction dream. All these things and many more will be ours after some one individual conceives of them. Let us not curtail his freedom to do so. Let us not stand in his way.

If we extend enough freedom to enough people, and thus release even a slightly higher percentage of active creative genius, our golden age will be assured. Creative people don't need encouragement

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and subsidy. They just need to be left unmolested. Our debt for our civilized legacy is not to the state, not to the authorities, not to the masses of ordinary people, but to those few, very few men, *some living today*, who have made *or will make* their contribution. If we extend freedom to ten million people and one of these makes a great creative contribution, it will all have been worth-while. ◈

A Wolf Story

SOME YEARS AGO while in Alaska we were told a wolf story. Eskimos imbed razor-sharp knives clasp down in the ice and apply a little seal blood. The wolves are attracted by the blood and lick the knives, cutting their tongues. They are delighted by the seemingly inexhaustible supply of nourishing blood, and stand there licking until they drop in their tracks from loss of blood, then freeze to death in the snow.

This is a clever trick, but we are in no position to jeer at the stupidity of the wolves. We Americans have been falling for a similar trick for a good many years. The variation in our case is that in Washington and in our state capitols are many politicians. Many of them are poor men, a few well-to-do, but none of these proposes to give the public any of his personal estate.

Instead, they propose to give us federal support. They will empty the federal treasury at our feet. Now, we should know that there is nothing in the federal treasury but what we have sent there by way of the collector. These taxes are our blood, and we cannot be nourished any more than those wolves can thrive on their own blood. But we have bought this kind of government. Today, the Kentucky farmer is taxed to subsidize the electric bills of a plumber in Tennessee. The Tennessee plumber is taxed to subsidize the Kentucky farmer. We are trying through the federal process to nourish ourselves with our own blood. ◈

EDITOR'S NOTE: The foregoing editorial came to us from George Rehm of Napierville, Illinois, who read it in *The Montana Citizen (Helena)*, which had credited the *Nicholas Turkey News*.

Whether wolves really are as stupid as people is quite beside the point of the story.

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MAX S. MARSHALL

MEDICINE AND CITIZEN

IF TRENDS mean anything, the citizens of the United States soon may be voting on the question of socialized medicine. The outcome of such balloting might well depend on an understanding of four major principles of medical relationships.

Let the first be labeled a *principle of indoctrination.* With the same root as the word "doctor," meaning one who teaches, "indoctrination" has come to signify the installation of a doctrine in the recipient, an imposition; whereas teaching, akin to education, is a leading out process, a guidance of the individual functioning under his own power.

Physicians and those engaged in related medical professions traditionally have shown a reluctance to teach or indoctrinate their patients. Though health departments have long had bureaus of public health education, these formerly functioned largely as passive distributing centers. A school wanting information on how to brush teeth would be provided with a chart, or a lecturer would be assigned if a women's club wanted to know about vaccines. But the initiative was in the hands of the citizens. News articles about medicine used to be generally regarded as morbid, indecent, impertinent, or unethical. The principle of indoctrination had not yet developed.

More recently, however, a public health bulletin confides, "the more attractive the group is to its members, the greater the influence that the group can exert on its members." This exemplifies a complete change in spirit. The public health man becomes, by his own fiat, the

Dr. Marshall, Chairman of the Department of Microbiology at the University of California Medical Center, speaks here as a citizen. Though neither physician, dentist, pharmacist, nor nurse, he has taught prospective members of these professions for more than thirty years. He also was associated for many years with the political centers of two large departments of public health.

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Man Who Knows, and thus his real job is to indoctrinate the populace with this wisdom. Greatly concerned when the populace does not accept his dicta, he wonders in what way his methods of indoctrination are inadequate. Bigger and better campaigns are planned, not aimed at education but aimed at victory, the sale of his point.

Medical indoctrination is not limited to public health. At least three other groups of indoctrinators fire at us citizens.

One, the advertisers, are out to sell. Though seldom going outside of medical journals, they resort increasingly to high pressure appeals. Informing the medical public is a worthy goal, but selling the product has become a greater one.

A second category, the medical writers, vary in their output from excellent – such as Greer Williams' *Virus Hunters*, highly informative, not sensational, and in good balance – to articles which are no more than dramatic shockers or bits of ebullient and misleading optimism. Since medicine to the layman is more emotional than scientific, only the best in medical writing has any place, and even then spots for it are few.

A third group of indoctrinators are the medical men who write for public consumption in the news columns and editorial pages. The world has grown callous to such ballyhoo and the dangers of a little knowledge. Because medicine is complex, an unprepared mind cannot put in its place a brief comment in lay terms. Try to consider hemorrhage as a topic and keep out of trouble: internal, external, sign of disease, minor traumata, surgical, risks of infection, clotting, hemophilia – even to a layman the list of complexities mounts rapidly. Hypochondriacs may enjoy wallowing in morbidity, but there is no need to force it upon all of us.

The principle of indoctrination in medical knowledge, even in a sense of teaching, has little to support it; but the trend is toward more and more of it.

Compulsory Participation

The second principle, allied in thought to indoctrination, is the *principle of compulsory participation*. To what extent can, should, or does an organized medical interest impose itself on citizens by legal force? This question arises in matters of compulsory medical insurance, compulsory vaccination, school legislation, and even in the clinic.

In the clinic, however, the feeling of compulsion is minimal. No one forces the patients who go past my window to come into the clinic. They are examined and perhaps

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an operation seems wise; but it is suggested, not demanded. Patients may be told to come back in a week, but not all do; and no one sends a policeman after them. Even when a physician tells a patient to stop drinking lest he drop dead, that patient is on his own after the warning.

Compulsion is not part of the language or the way of life of trained physicians. In public health, however, are to be found all sorts of born missionaries, compulsive thinkers.

"The new state law requiring compulsory polio shots for school children will not go into effect until. . . .," says a recent news item. The matter is of particular interest to me, and I had followed it, but this was my first information that such a law was even being considered. The compulsive thinkers, annoyed at the slow response to their publicized campaigns, had moved very quietly to the legislative halls. Instead of raising the question to find the truth, their goal is to convince the legislators that they, the proponents, are right in knowing what is good for all of us.

In this instance, one of the most open questions about the use of polio vaccine is the effect it has on the distribution of the virus of poliomyelitis. The inactivated vaccine is generally known to be ineffective in stopping the distribution, yet some communities have barred unvaccinated children from public schools. This is bigotry, not medicine.

The live vaccine operates differently and in theory might block some distribution of the virus (it will not stamp out the disease), but it also offers new risks. Its effect on a whole population cannot be known for some years because polio, despite all the advertising, is still relatively uncommon. Its outbreaks or ups and downs are notoriously uncertain. Based on the record, the injection of salt solution the year before would seem to have been effective in many years. Is it not odd that the urge to make a vaccine compulsory is so often associated with products which would seem to work successfully, regardless of their value? Consider, for example, that a lump of sugar, backed by a little ritual, would seem to prevent polio 9,999 times out of 10,000 on the average. That is pretty good batting!

As for compulsory insurance, listen to the proponents as they try to play God. They claim, for instance, that some improvident folk will never take out insurance unless they are forced. The implication is that "of course you and I would not be so foolish." Once on a time a U. S. citizen had

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a constitutionally respected right to be foolish, and a corresponding duty to abide by the consequences. We are developing a race in which everyone seems slightly annoyed at his own duties. Under this attitude we are ready to save the other fellow's soul at the drop of a hat.

In Whose Jurisdiction?

This brings us to a third category, the *principle of trespass*. One of the oldest debates in the realm of public medicine arose when federal agriculturalists, in charge of food and cows, found themselves embroiled in problems of health over which others claimed jurisdiction. Is the use of weed killers, sprays, preservatives, freezing methods, or milk from tuberculous cows a problem for the Department of Agriculture or for the Department of Health, Education and Welfare? With no absolute answer demonstrable, political jockeying decides the issues.

In medicine the "general practitioner" is in a sort of gentlemanly opposition to the specialists: surgeons, heart specialists, otorhinolaryngologists, ophthalmologists, and so on. But physicians are by no means so sure of the answers as they may seem.

True, distinctions among specialists may rest on profound differences. A surgeon is likely to be a decisive person, a chooser of blacks and whites, whose decisions are as clean as his wounds: the leg may come off or it may not, but it will never come half way off. The general practitioner on the other hand, is likely to be more palliative, gray, less sure, more tolerant to theory, able to feel optimistic about treatments in which cause and effect are almost never clearly related as they are with the surgeon.

But most general practitioners call on specialists quickly when the going gets tough; and most specialists check on background, relating their tasks to the whole patient. In their puzzling and often puzzled relationships with laymen, physicians prefer not to trespass outside their fields even as much as they should.

Again, public health affords a prime exhibit of trespass. Public health education was pedestrian, so it shifted from education to indoctrination. Calling some of its problems essentially solved – safe milk and water, quarantine, marked reduction in tuberculosis, less spectacular epidemics – public health sought other fields of glory.

Does the health official admit that the perfect measure of his progress would be the rate of regression of his staff and duties? Not by a jugful! And so the health

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official seeks drama and a basis for expansion. He trespasses, grasping everything in medicine which is not tied down.

Property is condemned by a health department, unless the city officials own it – the same health department that moans because agriculture trespasses. Epidemics of measles still occur, but health officials rather scoff at such and talk preferably about the epidemiology of heart disease and cancer, problems strictly in the realm of physicians. They talk about automobile accidents. Schools of public health, engaged in data-collecting – busywork which is always available for rainy days in all walks of life – take over statistics, a mathematical field notably unsafe out of the hands of mathematicians and not always safe then.

Organizational Problems

The fourth principle of operational medicine is the *principle of organization.* Both "rugged individualists" and "organization men" tend to agree that we need (a) some answer to socialized medicine, (b) some outlook which will put hospitals on realistic footing with medical practice, (c) some basis by which medicine can be kept in the hands of those trained instead of being trampled in legislative halls, and (d) some method for policing medicine.

From my ringside seat I have seen, I think, that medical men had pretty well ironed out the sociology of medicine. They are completely baffled by an uprising of a citizenry for which they have been caring, a citizenry which has little if any concept of the medical problems involved.

Hospital bills are astronomical compared to the bills of physicians, for reasons some of which are crystal clear. Hospital insurance, for example, is ungoverned and means that neither doctor nor patients concern themselves with needs and costs. Hospital administration, for another example, is garbled, because most doctors or other superintendents are not trained for hotel management.

As for nonmedical interference, consider New York, 1947. A man with smallpox came to town and went through streets, subways, stores, and hospital waiting rooms and wards. In the course of two months a dozen cases occurred; the first case and his wife died. A huge campaign led to some 6,000,000 vaccinations in a few weeks. Only a few men claimed to know what was good for everyone; but the campaign was ruled by the Mayor, columnists, radio broadcasters, professional publicists who were weak in medicine, strong

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in causes and indoctrinations. The small outbreak, hardly deserving that name, killed fewer persons than the literally countless vaccinations. Several hundred vaccinations, if that many, would have restrained the spread (what spread?) of the disease, because this was 1947 and a high percentage of the population had had vaccine. The situation supported the normal vaccinating program; it was against hysteria. After spending seven to twelve years in training, on top of whatever years have been added by experience, a physician in cases of public hysteria is literally not allowed to use his best medical judgment, the thing for which he is trained and paid. To his own mental tortures raised by the medical problem are added those unbearable additional ones which society imposes.

Policing of medicine has been tackled occasionally by the only proper policemen, the medical fraternity itself. Among 170,000 persons in any field, problems of discipline and policing are bound to arise. The rare medical groups which acknowledge this and attempt to do their own policing are very quiet; but the best police work is usually done quietly.

A noteworthy point about medical practice is that patients do not have to inquire of Flunky A, who asks Manager B, who consults Vice-President C, who phones to President D, who puts the question up to the Board of Directors. The patient gets to see the doctor, in person. This is the essence of medical practice, and it is significant.

Clearly, most physicians are not interested in organizational headaches. I have faced over two thousand future M.D.'s in my classes and have seen many physicians in action. Almost to a man they are bored stiff by meetings of committees. When they join in debates, they usually go directly to the issue. In their offices the patient, the physician, and the disease are paramount; neither person is interested in extraneous rituals. If doctors are not interested in the migraine brought on by emphasis on organization, can they be forced to function in it? I think not, successfully. They ignore it or rise above it, and go to a patient somewhere and talk about *his* migraine.

The generalization that physicians are mercenaries is improper. Some of them make big incomes. Now and then one of them fails to report all to the Internal Revenue officer, not necessarily deliberately, for income taxes require organization. Even as students a few of them indicate that they will seek country club practices and deal with patients with

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incidental chronic diseases, which bring in steady large incomes with no worries. But, as a group, a good case cannot be made that physicians are mercenaries.

Beyond the shadow of doubt, their minds are filled with medical problems most of the time. With certainty it can be said that most of them work long and odd hours, with rare vacations; being mercenary serves no purpose. The responsibilities they take, their relative availability, their period of training, their freedom of operation, the overhead carried in an office, the cost of equipment, their small but necessary payroll, all suggest that a substantial income is earned.

The Great Questions

With the two great questions, the status of public health and the status of socialized medicine, even with risks incidental to oversimplification, conclusions seem conspicuous.

Public health, as it stands today, is highly organizational, and physicians stand away. Their patients are persons rather than populations. Public health as now managed calls for publicity, also anathema to physicians. It involves politics, still less desired. It calls for mass moves and compulsion, of debatable merit. Whereas public health originally stood for clean restaurants, understandable to and tolerated by physicians, it has come to be a sort of maelstrom of unpredictable propaganda, not understandable at all.

Thus physicians do not understand public health folks, and *vice versa*. Several years ago a pharmaceutical house discovered that, by advancing a product through public health instead of through the usual medical channel, they got free advertising and mass moves. Whereas public health stampeded prematurely for polio vaccine, physicians then were saying quietly that they would like a few answers yet before giving it to their patients and families.

Public health might conceivably be better off in the hands of physicians. Citizens could then perhaps pay for it, a prospect which seems so unlikely under policies of unlimited expansion. Matters which are strictly medical would then have no interference from public health. Matters which are not medical in any way would be dropped or appropriately delegated. This suggestion, though radical, is not impossible. Public health is essentially a community affair, not a state or federal matter. Doctors and patients intrinsically are of the community.

As for socialized medicine, today's compulsory approach is destroying the very practical and

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effective alternative we once enjoyed. The amount of wearing effort or expensive time given away by physicians was colossal and is still significant.

Examine the effect of "socialized medicine" on the hypochondriacs who clutter up "free clinics" until physicians find ways to block them off; or weigh the best service of a physician who must sit up until midnight bookkeeping instead of studying medicine, seeing a patient, or even relaxing like other folk. Compare civil service employees as a socially bound class with those of a live organization, and then think of physicians as rule-bound employees instead of as independent highly trained detectives on whom we depend for our lives. Weigh the rights of both patients and physicians and the degree to which they are stymied by organizational maneuvers.

Without excessive organization and without noise, fuss, or feathers, physicians were doing fairly well until an untrained citizenry pointed its guns at them. So long as we have good physicians they will continue to smile and remain aloof in silence. When and if we should shift to mere trained technicians and slaves of the state, medical efficiency would suffer basically for lack of the finest of all ingredients, the quality of those persons in the profession. The threat is already showing its effects. The men and women of medicine inevitably make it what it is. Give them latitude and they will catch up with some criticisms; and we citizens may learn that many of our comments are uninformed and narrow, invalid.

Medical men and women, human and subject to the slings and arrows of the same fortunes that greet us, are the absolute best that we have to meet the physical woes which have to be met. They will remain our best bet so long as they are allowed the independence and dignity of a profession which, be it called noble or morbid, is one of our greatest needs. ◈

IDEAS ON LIBERTY

. . . But They Found Freedom

ADULTS in George Washington's time had no social security, jobless insurance, free food, socialized medicine, or public old-age assistance. Life was tough any way you look at it.

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INDIVIDUALIZED MOBILITY

IN THE TWENTIES, Thomas Edison, Henry Ford, and Harvey Firestone made an annual event of a jaunt around the country, usually in the company of John Burroughs, the naturalist. The trips were publicized beyond the wildest dreams of Madison Avenue, but nobody felt inclined to be satirical at the expense of the demigods at play. For Edison and Ford were then riding high in the pantheon of folk heroes, and if they could manage to get a little advertising along with their fun, it was perfectly all right with a grateful population. Inventors and industrialists were considered benefactors in those distant days, not mulctors and monopolists, and people liked to share vicariously in the folk heroes' pleasures.

In the thirties, of course, all that was changed. The various "Edison" companies, the big central stations which had grown up to supply electricity for Edison's lamp, were the "power trust." As for Henry Ford, he was the man who tried to hold out against such things as the NRA and the Wagner Labor Relations Act. Men like Edison and Ford were considered by the newer brand of historians to be part of the "old order," which had, so it was asserted, plunged the country into deep trouble because of its unimaginative approach to things.

The popular historians are still peddling that line; indeed, John Kenneth Galbraith wrote an essay not so long ago designed to prove that Henry Ford, the folk hero, was a creation of the myth makers. Many of the things which Ford claimed to have done for the nation and the automobile industry, so Galbraith said, were in reality the work of other men. In denigrating Ford, however, Galbraith made a left-handed admission that the "old order" was actually pretty fecund. For obviously Henry Ford could not have stolen credit for accomplishments that did not exist.

Just how lavishly creative the old order was, both in the work that Ford did and in the work that was done around him by other men and other companies,

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is apparent in a remarkable book, *American Automobile Manufacturers: The First Forty Years,* by Professor John B. Rae of the Massachusetts Institute of Technology (Chilton, $6). If Professor Rae tells the story with less attention to its philosophical implications than may be found in Dean Russell's excellent *Men, Motors, and Markets,* he brings to it an ability to marshal an inordinately complicated mass of material into clear sequences. And his summation, "If this be Capitalism, make the most of it," a delightful paraphrase of Patrick Henry, contains in essence what Dean Russell had previously spelled out in detailed logic.

Among the Innovators

Professor Rae agrees with Galbraith that Ford did not "invent" mass production. Rae's account, which goes back to the origins of the automobile industry in the bicycle shop and the carriage factory, is a densely woven chronicle of "firsts." Hayden Eames at the Pope Manufacturing Company in Hartford, Connecticut, was years ahead of Ford in organizing work gangs "each of whose members did a specific job on each car." Both R. E. Olds of Oldsmobile and William C. Durant of the early Buick company carried the assembly of parts from outside supplier firms a long way at the very dawn of the automobile industry in Michigan. As for the imposition "on the industry of rigorous standards of precision and accuracy," that was the work of Henry M. Leland of Cadillac. In the Ford factory itself, Walter E. Flanders did the pioneering in applying Frederick W. Taylor's principles of systematic layout of plant and tools. The moving assembly line carried Flanders' ideas to their ultimate conclusion, but whether the credit for its introduction at the Ford Highland Park plant in 1913 belongs to Sorensen, Clarence Avery, or Ford himself is still debatable.

So what, after all, did Ford do? It cannot be said that he was the first to mass produce a cheap car, for Olds, with the famous "curved-dash Oldsmobile," had pioneered in this direction as early as 1901, when he made 600 cars of a single model to sell in the $600-$700 range. (This was the original "Merry Oldsmobile" of the popular song.) But where the curved-dash Oldsmobile disappeared because of flimsy construction, Ford had a persistence that exceeded that of Ransom Olds: he wanted to make a lot of cars that would be both sturdy enough to stand the rutted roads of the early nineteen hundreds and cheap enough to sell to every farmer and me-

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chanic in the country. The combination seemed an unlikely one, but Ford stayed with his dream until he managed to find a strong alloy (vanadium steel) which would take a lot of buffeting. And his incessant demand that his men find ways to knock pennies, dimes, and dollars off the cost of production literally forced the Sorensons, Averys, and Flanderses to make their discoveries in the techniques of mass manufacture.

Thus, despite Galbraith, there is plenty of credit for all the pioneers of mass production, Henry Ford included.

Ways To Succeed

Professor Rae brings out the curious fact that there are two roads to success in the automobile industry. One road is to stick to a single popular idea; the other is to blanket the field with a full line of models. The Ford Company in the long reign of the Model T was a "one-idea" organization; so, today, is George Romney's American Motors Company, evangel of the "compact." At the other extreme is General Motors, which makes a car for every purse. Each road to success is beset by many hazards: automobile history is strewn with the failures of single-idea companies, and many attempts to emulate the GM story have likewise come to grief.

In recounting the GM saga, Professor Rae is fairness personified. Without any trace of animus he discusses the strong points and the weaknesses of William C. Durant, who put GM together in pursuit of a Napoleonic dream of empire. Durant had no "principle of limitation" in acquiring companies to add to the original GM constituent of Buick, but he did have a valid feeling that there was safety in diversification. Durant was thrown out of GM by "bankers" only to regain control of the company with the help of du Pont money. Then, after bestowing Chevrolet on GM, he was thrown out all over again because of his seemingly incurable habit of "sending good money after bad" in depression times.

In telling the story of Durant, partisans on both sides have had a field day making him angel or devil. For example, Lloyd Morris, in *Not So Long Ago,* has written sharply of the "harsh" bargain with GM driven by the investment banking firms of J. and W. Seligman of New York and Lee, Higginson of Boston – a bargain in which the bankers exacted a profit of "very nearly 50 per cent" on a loan which carried with it the condition that Durant would absent himself from the GM management. By implication, the bankers took advantage of a good

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man's extremity. But it was a Lee, Higginson man, James T. Storrow, who first successfully overhauled the operating structure of GM. Storrow called in the consulting firm of Arthur D. Little, Inc., of Cambridge, Massachusetts, to advise him on centralizing research and testing for all the GM companies – and from the Arthur D. Little study came the General Motors Research Department. It was Storrow also who gave Charles W. Nash and Walter P. Chrysler their real opportunity in the GM picture.

The Storrow regime lasted for five years, or until Durant temporarily recovered control of the company. Professor Rae obviously disagrees with Lloyd Morris that the bankers' "fee" for providing GM with Storrow's management was excessive – for what Storrow (with help from Nash and Chrysler) did was to turn an "uncertain speculation into a functioning business enterprise." "By 1915 it was . . . clearly going to survive as a major component of the American automobile industry; it was even going to survive another five years of William C. Durant."

What the automobile technicians and tycoons did socially was to restore the United States to the "little man" by giving him individualized mobility at a price he could afford to pay. The mobility broke a power which the railroads and electric traction lines might have exerted to enforce a prohibitive travel price. (This is not to say that the rail and traction companies ever did go overboard in charging too much save in isolated instances.) In connecting town with country and region with region, the automobile made it possible for all manner of small industries to flourish. True, the automobile, by clogging the downtown streets, has made big city life a most deplorable hazard. But the loss has been balanced by a compensating gain, for without the automobile suburban and country life would be impossible.

And who wants to stay for very long in a big city, anyway? Without any of the ironical implications of Aldous Huxley's *Brave New World,* for our modern freedom "we thank our Ford." ◈

▸ THE MAN IN THE MIDDLE by Nathan W. Shefferman, Doubleday. 292 pp. $4.50.

Reviewed by William H. Peterson

THE DOUBLE STANDARD is not limited to male and female in America. It extends to unions and management. Businessman A, who welcomes unions to organize his workers, is practically a hero in the press. Businessman B, who opposes union organization of his

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workers, is considered a mossback, a reactionary.

Businessman B may explain that once he signs a union shop agreement – an agreement almost never freely arrived at, but rather arrived at under some form of coercion – he accepts the principle of compulsory unionism for his workers. They *must* join – or else they lose their jobs – the First Amendment guaranteeing freedom of assembly (the right to join or not to join) and the Fifth Amendment guaranteeing life, liberty, and property notwithstanding.

So, is countering a plant or office organizing drive shameful? Nathan W. Shefferman doesn't think so and tells why in his remarkably candid *The Man in the Middle*. He also tells how, and boasts that his Chicago-based firm, Labor Relations Associates, successfully countered 90 per cent of the drives it opposed. Nothing succeeds like success: Shefferman's clients rose past the 500-mark; offices were opened in New York and Detroit; fees were coming in at the rate of $1 million a year; among the firm's customers were such household names as Sears, Whirlpool, Mennen's, the Kresge and Lerner chains, Macy's of New York, Nieman-Marcus of Dallas, Hecht's of Washington, J. L. Hudson of Detroit. And then...

Then one morning into Shefferman's office came young Robert Kennedy, counsel for an investigating committee. Shefferman's testimony before the McClellan Committee followed. He heard himself described as a "union-buster," a charge he vigorously denies. The charge was enough; Shefferman's business collapsed. His clients also found themselves under attack. *The Wall Street Journal* of August 17, 1960, for example, carried this headline: AFL-CIO CALLS FOR NATIONWIDE BOYCOTT OF SEARS, CHARGES FIRM "WARS" ON UNIONS. The big labor body said Sears was engaging in "a calculated and concerted effort to deprive its employees of their rights to union protection."

But Shefferman holds counter-organizational work simply cannot be equated with union-busting. He believes in free unionism and not in compulsory unionism. Under Taft-Hartley and the First Amendment guaranteeing free speech, management is free to give its side – likely either an open shop or no shop – to its employees. (And for the record, the author says that but a small part of his consulting business was in such work; most of it consisted of other labor relations matters like job evaluation, supervisory training, wage and salary administration, and so on.)

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The Shefferman technique of contesting an organizing drive can be seen in his account of the efforts of the International Association of Machinists to crack the Whirlpool plant at Clyde, Ohio, in 1956. Two Labor Relations Associates men, Messrs. Patterson and Nevitt, were assigned to the job, as against 18 union organizers brought in by the I.A.M. The organizers canvassed virtually every employee's home day and night. Employees were showered with leaflets, handouts, letters, pamphlets, and newspaper ads. The issues were hot; the NLRB election not too far off.

Patterson and Nevitt immediately counseled management on how to meet shifting day-to-day union tactics. They reviewed daily the union's bombardment of literature and advised how to answer it. They evaluated employee complaints and recommended corrective action in some cases. They held meetings with the Whirlpool supervisors and counseled them on what could and could not be said under Taft-Hartley. As an offset to the union membership-card-signing activity – a measurement of the strength of the organizing drive – they conducted employee opinion polls. When the election came, the I.A.M. lost by a margin of three to one. For this and other professional services not related to the drive over better than a three-year period, Labor Relations Services were paid by Whirlpool close to $75,000. Mr. Shefferman thinks the I.A.M. spent a whole lot more in Clyde.

He complains that there is a curious ambivalence in America, a double standard on the matter of countering a union drive. Many people think it is all right for an employer not to want a union. But the employer is frequently "regarded as a bit sneaky, and probably a heel, if he took steps not to have it. If he did take the countersteps, he surely ought to do it in person or with regular personnel. Never, heaven forbid, must he employ specialists part time, as he would a lawyer or a management consultant, or a psychologist running tests, or a heating engineer."

Not that Nathan Shefferman is a bitter man. Life on the whole has been good. The McClellan hearings are behind him. He has spent 50 years in labor relations. He has known the great and the near-great in the American labor movement – Gompers, Lewis, Hillman, Dubinsky, Beck, Hoffa, Meany, Reuther, Carey, and so on. He fought some of them, won, and then lost. And in this semi-autobiographical work at this stage of life, best let bygones be bygones. Others can fight the wars, which, because of bigger unions and bigger businesses, he thinks will be big-

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ger than they were in his day. Others can contest the principle of compulsory unionism and rail against the double standard. Nathan Shefferman has said his piece.

▸ REVOLT ON THE CAMPUS by M. Stanton Evans. Chicago: Henry Regnery Company. 248 pp. $4.50.

Reviewed by John W. Tietz

M. STANTON EVANS is the country's youngest metropolitan editor, and he writes a stirring account of the struggle of an increasing segment of college youth for emancipation from the oppressive, gray, leveling, socialistic, campus conformity. In an autobiographical introduction he traces his own undergraduate rebellion against the typical campus ideology of the 1950's: a mixture of Keynesian economics, collectivism, ethical relativism, downgraded religion, and slanted college journalism. He found an accurate diagnosis of the campus malady in William F. Buckley's *God and Man at Yale* and began his own emergence. He chanced upon a copy of *The Freeman*, drank in the philosophy of ISI and FEE, helped to establish the Independent Library on campus, to revive the Calliopean Society, and establish a periodical, *The Independent*. The revival of individualism, despite the smothering atmosphere of dogmatic liberalism, was pioneered by Yale undergraduates.

After discussing the constituents of contemporary liberalism, its aimlessness and its lack of standards, the author describes three premature and unsuccessful rebellions against this orthodoxy. They failed, but a new wind was rising, as witness the presidential polls of late 1960. By Inauguration Day, 1961, an unbelievable conservative revolution was at hand. The surprise of the academic and political world is well described.

Now, aiding the "old guard," such as von Mises and Hayek, there is a host of younger scholars, journalists, and writers. There are new organizations – philosophical and political. The stories of the Intercollegiate Society of Individualists, Young Americans for Freedom, Young Republicans, the struggle in the National Students Association – which is not the voice of all students – are recounted attractively. The impact of these upon the world of liberalism and a look into the conservative future closes this fascinating story of the struggle of youth for "Independence from Dependence" – from a dependence leading down the "Road to Serfdom." ◈

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Clichés of Socialism

WHEN a devotee of private property, free market, limited government principles states his position, he inevitably meets a barrage of clichés such as the following, suggested answers to which are now available:

1. *"The more complex the society, the more government control we need."*
2. *"If we had no social security, many people would go hungry."*
3. *"The government should do for the people what the people are unable to do for themselves."*
4. *"The right to strike is conceded, but. . ."*
5. *"Too much government? Just what would you cut out?"*
6. *"The size of the national debt doesn't matter because we owe it to ourselves."*
7. *"Why, you'd take us back to the horse and buggy."*
8. *"The free market ignores the poor."*
9. *"Man is born for cooperation, not for competition."*
10. *"Americans squander their incomes on themselves while public needs are neglected."*
11. *"Labor unions are too powerful today, but were useful in the past."*
12. *"We have learned to counteract and thus avoid any serious depression."*
13. *"Human rights are more important than property rights."*
14. *"Employees often lack reserves and are subject to 'exploitation' by capitalist employers."*
15. *"Competition is fine, but not at the expense of human beings."*
16. *"We're paying for it, so we might as well get our share."*
17. *"I'm a middle-of-the-roader."*
18. *"Customers ought to be protected by price controls."*
19. *"The welfare state is the best security against communism."*
20. *"Don't you want to do anything?"*
21. *"If we need big business, why don't we need big government?"*
22. *"We believe in presenting both sides."*
23. *"If free enterprise really works, why the Great Depression?"*
24. *"Federal aid is all right if it doesn't bring federal control."*
25. *"The United States Constitution was designed for an agrarian society."*
26. *"I prefer security to freedom."*

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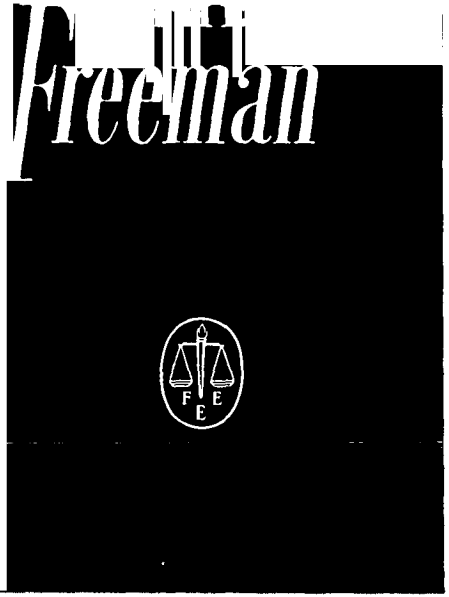

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ABRAHAM LINCOLN

■ The world has never had a good definition of the word liberty, and the American people, just now, are much in want of one. We all declare for liberty, but in using the same word we do not all mean the same thing. With some the word liberty may mean for each man to do as he pleases with himself, and the product of his labor; while with others the same word may mean for some men to do as they please with other men, and the product of other men's labor. Here are two, not only different but incompatible things, called by the same name — liberty. And it follows that each of the things is, by the respective parties, called by two different and incompatible names — liberty and tyranny.

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